P-23-24

P-25 – Hewitt – Austral.

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foreign trade

NADA

A LOOK at SPAIN'S FOREIGN TRADE (page two)

CANADA

foreign trade

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cover From the height of El Tibidado, Barcelona, one of Spain's major industrial cities, lies spread out before the view. But agriculture, not industry, still takes first place in Spain's foreign trade; in 1954, some 60 per cent of her exports consisted of agricultural products and many types of manufactured goods had to be imported. See report on page two.

A Look at Spain's Foreign Trade

Lucrative tourist trade helped to compensate for traditional adverse balance in Spain's trading accounts last year. Difficult exchange position and emphasis on bilateral agreements hampers Canadian trade, but U.S. aid program offers certain opportunities to our suppliers.

BRUCE RANKIN, *Commercial Secretary, Madrid.*

PRELIMINARY FIGURES on Spain's foreign trade for 1954, obtained by doubling the figures for the first six months, show imports reached a total of approximately 1,900 million gold pesetas* and exports 1,500 million, producing an adverse balance of roughly 400 million gold pesetas. This largely conforms to the trade pattern of the postwar years, with the exception of 1950—as the following table shows:

Year	*Imports (thousand gold pts.)*	*Exports (thousand gold pts.)*
1947	1,214,458	938,100
1948	1,440,687	1,114,343
1949	1,399,425	1,176,653
1950	1,195,093	1,239,392
1951	1,884,573	1,462,133
1952	1,752,609	1,402,458
1953	1,839,672	1,488,907
1954 (first six months)	951,561	769,880

This unfavourable balance in 1954 resulted mainly from adverse climatic conditions and in particular the freak severe frosts in the early part of 1954. These frosts affected citrus fruits, dried fruits and olives and cut down the quantities available for export. In addition, the poor cereal crops of 1953, particularly of wheat and barley, compelled large grain imports during the first half of 1954.

The following data illustrate these two points:

	Jan.-June 1954 Tons	*Jan.-June 1954* (thousand gold pts.)	*Jan.-June 1955* Tons	*Jan.-June 1955* (thousand gold pts.)	*Difference in value*
EXPORTS					
Oranges	614,877	169,033	744,164	212,156	−43,123
Lemons	15,073	5,141	29,485	10,007	— 4,866
IMPORTS					
Cereals					
Wheat	338,398	108,978	48,679	12,229	96,749
Barley	52,625	10,351	2,459	534	9,817
Maize	14,621	3,860	8,868	2,869	991

When figures for the 1954-55 season are available, they are expected to show a further drop in supplies of citrus fruits and olives for export. However, the excellent grain crops from the 1954 harvest, reducing or eliminating the need for imports, will offset this loss. The wheat harvest returned 4·5 million metric tons compared with 3 million in 1953 and barley 2·2 million metric tons compared with 1·47 million tons in 1953.

The smaller earnings from citrus fruit exports and the higher cost of imports of grains account for about half the unfavourable visible trade balance in 1954. Larger imports of capital goods—machinery, manufactured and semi-manufactured articles, etc.—as a result of American aid and French and Belgian credits easily account for the remainder.

* One gold peseta=32·83 cents Canadian.

Spain's growing tourist industry, in particular, and other invisible items of trade counterbalance the deficit in visible trade. No figures are published but reliable estimates of Spain's invisible exports, mainly derived from the tourist trade, put the figure at approximately 450 million gold pesetas.

Agricultural Produce Dominates

Agricultural produce accounts for 60 per cent of Spain's exports; essential raw materials and manufactured goods account for the great majority of her imports. The following table gives the exports and imports of Spain, by main groups, for the first six months of 1953 and 1954:

	IMPORTS 1954 six months	*IMPORTS* 1953 six months	*EXPORTS* 1954 six months	*EXPORTS* 1953 six months
(Value in thousand gold pts.)				
Livestock	1,203	1,811	774	800
Raw materials	321,492	400,373	122,283	132,456
Manufactured articles	473,394	406,895	190,770	180,065
Foodstuffs	155,472	42,998	456,055	487,440
	951,561	852,077	769,882	800,761
Tonnage				
Livestock	365	643	488	444
Raw materials	2,445,873	2,499,232	1,869,880	2,209,496
Manufactured articles	1,619,650	1,144,123	1,115,474	1,145,650
Foodstuffs	561,709	101,438	1,118,988	1,231,250
Totals	4,627,597	3,745,436	4,104,830	4,586,840

By doubling these figures we have approximately the volume and value of Spanish foreign trade for the full years 1953 and 1954.

A street scene in Santiago de Compostela. Spain is attracting more tourists every year and the revenue which they bring in helps to compensate for the deficit in visible trading account.

Distribution of Spain's trade by continents is shown in the following table:

	EXPORTS (thousand gold pts.)	%	IMPORTS (thousand gold pts.)	%
Europe	465,180	68	457,257	48
Latin America	36,602	5	73,415	8
North America	86,434	13	226,648	24
Africa	28,401	4	116,763	12
Asia	60,977	9	65,958	7
Oceania	3,071	0·4	1,313	0·1
Total	680,665		941,354	

These figures reveal the importance of Europe as an outlet for Spanish exports and as a source of supply. Northern European countries look to Spain for large supplies of agricultural produce grown in a Mediterranean climate, such as citrus fruits, olives, etc.

United States Largest Supplier

The trend of Spanish trade by zones is shown in the following table. The percentages of exports to and imports from each continental region during the first six months of 1954 are compared with the pattern prevailing in the period 1932-1934:

	IMPORTS (in per cent) 1954	IMPORTS Average 1932-34	EXPORTS 1954	EXPORTS Average 1932-34
Europe	48·57	55·10	68·34	74·05
Latin America	7·88	9·43	5·38	9·62
North America	23·99	18·59	12·70	8·57
Africa	12·40	8·57	4·17	6·74
Asia	7·02	4·59	8·96	0·53
Oceania	0·14	3·72	0·45	0·49
Total	100·00	100·00	100·00	100·00

Trade with Europe has remained by far the most important but interchange of goods, and particularly imports from North America, shows a substantial increase. United States purchases from Spain in the first half of 1954 were valued at about 78 million gold pesetas and exports reached 180 million gold pesetas, making the U.S. Spain's leading supplier and third best customer.

The next table gives the position by countries, export and import, for the first six months of 1954:

	EXPORTS to: (thousand gold pts.)	IMPORTS from: (thousand gold pts.)
United Kingdom	141,499	99,545
Germany	98,453	96,443
United States	76,051	179,705
France	67,455	97,094
Switzerland	29,054	23,283
Netherlands	28,682	22,171
Turkey	27,671	28,424
Belgium	23,700	28,118
Sweden	19,143	24,135
Norway	15,089	16,983
Japan	15,953	811
Denmark	11,962	11,296
Brazil	11,263	16,711
Cuba	11,186	9,931
Finland	8,251	8,693
CANADA	7,886	3,509
Italy	7,510	22,016
Mexico	6,009	4,317
Eire	4,292	3,748
Venezuela	3,834	21,354
Iceland	3,381	2,152

Canada, as the table shows, bought more than twice as much from Spain as she sold to her in the first six months of 1954 and it is believed that this ratio prevailed for the whole year. Two-thirds of Canada's purchases from Spain are made up of olives, nuts, and cork.

In the first six months of 1954, more than half Canada's exports to Spain consisted of codfish. However, in the last six months, according to Canadian figures, other commodities took an important place in the trade. Leading export for the year was bleached sulphite dissolving pulp, followed by aluminum in primary forms, light salted cod, and milled asbestos fibres.

Spain's exchange position is still acute and the great bulk of her foreign trade is covered by bilateral trade and payments agreements. Dollar licences are only

granted for essential items not available from other sources. Furthermore, in a general way, clear-cut import licensing regulations do not exist: there are no quotas established nor policies enunciated that make it possible for dollar exporters to know in advance whether import licences will be forthcoming. Usually refusals of licences result from a difficult exchange position.

Some items of interest to Canada are included in the bilateral agreements with competitor countries. In such cases, licences on Canada are usually not forthcoming until the quantities under those agreements have first been imported. Pulp and paper is one example.

American Programs Offer Dollar Market

Nevertheless there is a market in Spain for Canadian goods which our exporters are not exploring fully. The U.S. economic aid and the U.S. base construction programs offer a fairly large dollar market which includes many products of interest to Canada.

The arrangements for U.S. economic aid of $85 million in the year under review nominated Canada as a possible source of supply for nearly half this amount. The figures currently available on allocations by countries for the first $32 million show that Canada participated only to the extent of approximately $500 thousand. In most cases, however, tenders from Canada were not received.

The base construction programs, now just getting under way, will consider requests from Canada to tender by the prime contractors, provided that pertinent details of products, catalogues, etc., are lodged with the prime contractors and provided that there is a certified representative of the manufacturer in Spain. In addition to the responsibility for actual construction of the four air bases, the naval base and the 600-mile oil pipeline, the prime contractors also supervise the acquisition of raw materials such as pipe, cement, standby power equipment, heavy machinery, etc., required to carry out the construction.

Banking Abroad — SPAIN

BRUCE RANKIN, *Commercial Secretary, Madrid.*

THE BANKING AND CREDIT STRUCTURE of Spain revolves around the Banco de España which, although not nationalized, is subject to close government control. This institution acts as the Government's depository as well as the banker's bank for discounts and other operations. The Governor of the Bank and four of the 24 directors are appointed directly by the Government and these five have a right of veto over the decisions of the Board. Final approval of the annual report of the Banco de España is reserved to the Minister of Finance.

The banking law proclaimed on December 31, 1946, gave to the Government of Spain the right to dictate the general policy of credit and establish the interest rate, order the purchase or sale of government stock, and instruct the Banco de España about the policy of granting credits, etc. These functions are carried out by the Consejo Superior Bancario—the Supreme Bank Board—under the jurisdiction of the Ministry of Finance.

In addition to the Banco de España there are four "official" banks, the Banco Hipotecario de España, the Banco Crédito Local España, the Banco Crédito Industrial, and the Banco Exterior de España. Although termed "official", all of these are privately owned.

The Private Banks

Private banks in Spain are classified into national, regional, and local banks, according to the importance of their resources and the extent of their network of branch offices. The principal private banks—known as the "Big Five"—are the Banco Español de Crédito, the Banco Central, the Banco Hispano Americano, the Banco de Vizcaya, and the Banco de Bilbao.

The "Big Five" represent more than one-half of the resources of all banks in Spain and have approximately 1,500 branches in a total network of about 2,200 within Spain.

The Banco de Bilbao has branches in London and Paris. The "official" Banco Exterior de España deals mainly with foreign operations. It has subsidiaries in London and Liverpool, operating under the name of Banco Español de Londres; in Paris, Marseilles and Casablanca, under the name of Banco Español de Paris; and in Frankfort am Main under the name of Banco Español de Alemania. It intends shortly to open another branch in Hamburg.

Four foreign banks operate in Spain—the Bank of London and South America (British), the Banco Nazionale de Lavoro (Italian), the Crédit Lyonnais and the Société Generale des Banques pour l'Etranger et les Colonies (both French).

Handling Foreign Business

Nearly all banks in Spain are fully qualified to undertake all classes of banking transactions, more especially those institutions referred to above. They are prepared to handle foreign business for which most of them have special offices in Madrid. Although collections may be sent to any bank in any town, the majority of Spanish banks concentrate their foreign business in Madrid, where the Instituto Español de Moneda Extranjera (I.E.M.E.), the Spanish Government exchange control organization, is established.

Normal Operating Procedures

The normal procedure for handling bills received for collection from abroad is to advise the drawee immediately on arrival of the bill, with details of the documents accompanying it and the relative goods. Bills can be drawn at sight, payment against documents, at day's sight, and with a fixed due date: in these cases the documents are handed over against acceptance.

It is the usual practice to accept a deposit in pesetas or the equivalent at the current rate of exchange and also a letter from the drawee in which he guarantees that he will liquidate, at the rate fixed by the I.E.M.E., any difference in the amount to be adjusted on final liquidation. At the same time the drawee undertakes to deliver the Spanish import licence required by the I.E.M.E., a certificate from the customs, and a signed commercial invoice of the exporter.

Banks do not accept responsibility for anything other than the original deposit in pesetas. They specifically do not accept responsibility for the payment by the drawee of further deposits of pesetas or the legal validity of the signatures on the undertaking or the eventual liquidation in foreign currency.

It should be pointed out, however, that bills for collection are rarely seen now. Practically all imports are being handled on a letter of credit basis.

Regional institutions and individual bankers are a feature of Spanish banking. The personal element carries traditional weight, particularly among the rural population, and the individual banker—who is generally maintaining an old-established family business—is able to prosper. These relatively small institutions are rarely absorbed by the modern large banking organizations.

Probably because of the growing unification of government affairs and the centralized official controls which necessitate closer contact with the authorities, the tendency today is for these small regional banks to open branches in Madrid and the more important cities outside their own province. The extent of banking facilities has also been widened by the tendency on the part of the big banks to open sub-branches in the larger towns as feeders to the main office.

Banks in Spain often participate directly in industrial concerns and in general are more closely connected with industry than is the case elsewhere. They underwrite capital issues to quite an extensive degree.

The official discount rate charged by the Banco de España is 3·75 per cent and the banking rediscount rate is 3·2 per cent. The minimum commercial loan rate set by the Consejo Superior Bancario—the Supreme Banking Board—is 4 per cent. The commercial banks charge from 4 to 6 per cent interest a year, the rate varying with the type of accommodation.

Cash is favoured as a means of settling transactions in Spain, especially by agriculturists, even when large sums are involved. The use of the cheque is far less common than it is elsewhere.

The banking system in Spain, however, is very much on the lines of other banking systems. Banks do not generally undertake trustee and executorship business.

Norway Makes Aluminum Garages

A new aluminum garage, low-cost and easy to erect, is being manufactured in Norway. The four-inch walls of the garage are of corrugated aluminum sheet on the outside and 2¾ inch glass wool sheet covered with aluminum foil on the inside. This provides excellent insulation and the heat accumulated in the automobile motor and cooling water will keep the temperature in the garage within satisfactory limits during the night, even when the outside temperature is extremely low.

No special skill is needed to put up one of these aluminum garages nor is a concrete foundation necessary. The aluminum walls take happily to a paint job if one is desired.

97687—2

Brazil and Its Trading Problems

Smaller receipts for coffee exports during 1954 proved major factor in trading deficit of $23 million for year, and dollar shortage remains serious. Agricultural production up, industrial expansion maintained, and impressive increase in electric generating capacity achieved, though shortage still troublesome.

C. J. VAN TIGHEM, *Commercial Secretary, Rio de Janeiro.*

BRAZIL today faces a serious balance-of-payments situation, particularly with respect to dollars. Falling receipts from coffee exports, the principal source of dollar exchange, have aggravated the situation in recent months. Additional loans obtained from the United States have provided badly needed immediate relief but at the same time have increased the financial burden for the near future. Though the going has been difficult in external trade, both industrial and agricultural activities in Brazil itself have made progress. Inflation increased during the past year, but anti-inflationary measures introduced in recent months appear to be having some effect. On balance, however, the prospects for 1955 are not too encouraging.

Foreign Trade

On the basis of incomplete figures, the Brazilian Institute of Economy has estimated that Brazil's foreign trade in 1954 resulted in a deficit of about $23 million, compared with a surplus of $220·6 million in 1953. Exports declined by $11·1 million; imports were up by $232·5 million, an increase of 17·6 per cent.

These same figures show an unfavourable trade balance of approximately $151·2 million in convertible currencies and a favourable balance of approximately $128·2 million in other currencies.

The unfavourable balance in convertible currencies can be traced directly to the drop in the volume of coffee exported during the year and to a 21 per cent increase in imports. In spite of the fact that coffee prices were on an average 25 per cent higher than in 1953, receipts in convertible currencies from coffee exports were $157·5 million less, down 23 per cent.

The fact that coffee exports held their own undoubtedly proved important in bringing about the favourable balance in trade with the soft currency areas. However, the principal factor was the increase in exports of cotton and cocoa, up 128 per cent and 78 per cent respectively. Of considerable importance too were the payments agreements in effect with certain countries (Germany, France, Italy, Japan and the Netherlands) which encouraged these countries to increase their imports from Brazil in order to settle their commercial backlogs.

As in previous years, the United States was the principal customer, taking 36·8 per cent of all Brazilian exports. Germany was second with 12·1 per cent. Following in order of importance and totalling 22 per cent were Argentina, France, Great Britain and Japan.

Coffee Exports Drop

Coffee continues to be Brazil's most important export, though its share of total exports dropped from 70 to 61 per cent. Exports to the soft currency areas were good, with a slight increase of $8 million. However, a drop of $157·5 million in the value of coffee exported to the convertible currency area brought on a foreign exchange crisis which is still continuing.

Two factors accounted for the poor showing in the second half of the year—increased world supplies and the establishment of a minimum price for Brazilian coffee. By setting a minimum price above the market price at a time when importers' inventories were high and supplies available from other sources, Brazil brought her exports to a virtual standstill. During the period May-August, Brazil's coffee exports were among the lowest on record. Substantial exports were made in November and December, following a devaluation of the coffee dollar. Exports declined again in January and February and a further devaluation was made.

The picture for the future is not too encouraging. Declining prices for coffee have brought about a basic change which cannot help but affect the Brazilian economy and reduce its dollar earnings. Not only are prices lower but exports during the past fourteen months were down by some 5·5 million bags.

Cost of Dollar Exchange Rises

With less dollar exchange coming in from coffee exports, the authorities have been forced to reduce the amount of dollars offered at the weekly exchange auctions. In Rio, for example, $3 million was offered at the U.S. dollar exchange auctions in January, compared with $12 million last April and May. This has resulted in higher prices paid for U.S. dollar certificates, thus making it more difficult for suppliers from Canada to compete with those from other currency areas. In Rio de Janeiro, the weighted average for prices paid

in the exchange auctions for U.S. dollar certificates in January was 46 per cent higher than that for other currency certificates. In August last year the difference was 35 per cent.

In view of the inadequacy of exchange receipts, Brazil has found it necessary to secure financial assistance from the United States. A five-year loan for $200 million was obtained last October from a group of private banks in New York to permit payment of outstanding financial obligations. Again in February of this year, Brazil called upon the United States for assistance. A $75 million line of credit valid for six months was extended by the Export-Import Bank. These loans were in addition to the $300 million loan obtained in 1953.

In Brazil in 1954 . . .

- *Imports rose by about $233 million; exports declined by $11·1 million, largely because of drop in coffee shipments.*
- *Unfavourable trade balance of $151·2 million in convertible currencies presented problems; favourable balance in other currencies reached about $128·2 million.*
- *Electrical generating capacity in Rio-São Paulo area increased by 43 per cent, though demand for power still exceeds supply.*
- *Five-year loan of $200 million from N.Y. private banks in October helped to pay off some outstanding commercial obligations.*
- *Higher rates were paid for U.S. dollars at the weekly exchange auctions.*

Further assistance may be required as Brazil's foreign exchange commitments are reputedly extremely heavy. The head of the Foreign Trade Bureau (CACEX) is reported to have said that these commitments amount to $2·5 billion, 75 per cent of which represents scarce currencies. According to a statement attributed to this official, about $3·33 million is due every day in the current year and even larger sums will be due next year.

Increased Inflationary Pressures

Last year inflation continued in Brazil. The means of payment (paper money in circulation plus bank deposits) increased by 23 per cent, a rise of more than $1·5 billion. Of this, approximately $650 million resulted from the issue of new currency, representing an increase of 25·6 per cent during the year.

In response to this inflationary pressure, price increases have been the order of the day. The general price index prepared by the Getulio Vargas Foundation registered an increase of 23·6 per cent. The cost-of-living index for Rio de Janeiro, prepared by the same institution, showed an increase of 24·1 per cent during the year.

Excessive extension of bank credit, principally by the Bank of Brazil, has been the chief cause of the unprecedented price increase noted in 1954. Loans by commercial banks and the Bank of Brazil increased by 18·3 and 46·4 per cent respectively during the year. To counteract this, in October the Government increased the rediscount rate and the reserve balances which commercial banks are required to maintain.

These measures are beginning to have a salutary effect. Commercial bank loans, which during the period January-October increased on an average of two billion cruzeiros ($108 million) per month, declined by 1·5 ($81 million) and ·5 million ($27 million) in November and December respectively. At the same time, bank rediscounts dropped by 1 billion 700 million cruzeiros ($92 million) in the period September to January. An increase in the cash position of the Bank of Brazil indicates a reduction in credit extended by this institution.

Agricultural and Industrial Production

Agricultural production, which had remained practically stationary in 1953, registered a noteworthy increase of approximately 9 per cent in 1954, principally in products destined for domestic consumption. At the same time the rate of industrial expansion was maintained. During the first half of the year a slight recession was noticed but the lost ground was recovered in the last six months of the year. The consumer goods industry showed the principal increase.

One of the main factors in the rise in industrial activities was the tremendous increase of 43 per cent in electrical generating capacity in the Rio-São Paulo area in the latter part of the year. The demand for power still exceeds the supply but the situation is now less critical.

Prospects for Present Year

The year 1955 promises to be a difficult one for Brazil. Short-term financial obligations are heavy and their settlement will put a heavy strain on the country's foreign exchange resources. At the same time the ability to meet these obligations has been weakened by the fall in the volume of coffee exports and in coffee prices. Under the circumstances, imports will probably not exceed 1954 figures. Although some progress has been made in stemming inflation, the battle is not yet won and this promises to be a major problem. ●

97687—2½

BRAZIL
looks to the south

. . . and Canadian businessmen will find it worthwhile to consider the rich and developing southern states in planning future business with Brazil.

M. P. CARSON, *Consul and Trade Commissioner, São Paulo.*

CANADIAN FIRMS doing business with Brazil—or hoping to when its economic situation improves—should take a closer look at the market potential in its southern states. Probably many businessmen have been thinking of Rio de Janeiro and São Paulo as *the* Brazilian market. They would have been right a few years ago. Now large numbers of Brazilian companies are being established in the rich and rapidly developing south, and they do not want to rely on the "big city" distributors for their imports. Leading the way in progress and development is the state of Parana and, to a lesser degree, its smaller neighbour Santa Catarina. A number of large firms in the Parana town of Curitiba, and in Joinville, Blumenau and Florianopolis in Santa Catarina, are eager to carry good Canadian lines.

At present, of course, Brazil's economic picture leaves a great deal to be desired. There is a shortage of practically all major foreign exchange; there are coffee problems, transportation and power shortages, and internal budgetary deficits. The cost-of-living and the devaluation of the cruzeiro in terms of foreign currencies are also serious obstacles. But the undeveloped wealth of the country cannot be overestimated and one day Brazil will reap the benefit. Canadian exporters and industrialists should take note of this promising future and be ready to enter the market when the time is propitious.

Development in Parana

"Brazil's hope for the future" is the title recently bestowed on the State of Parana, which celebrated its centenary in 1953. Actually, the development of this great agricultural territory has been most notable during the past ten years during which coffee growing has leaped into prominence. Coffee has been mainly responsible for the development of Curitiba as a large commercial centre, spoken of as "the São Paulo of the future"; coffee has been the force behind the development of Paranagua, destined to become Brazil's third largest port after Santos and Rio de Janeiro, and the second largest coffee port after Santos.

It is true that São Paulo State is expanding its coffee acreage but the limits are being reached and the turn to the rich, purple soils of Parana is noticeable. Because of the diversification of its economy and the burning out of many of its richest coffee areas, São Paulo's coffee production has declined steadily and is being displaced by the growing of cotton, sugar cane, cereals, vegetables and oilseeds and by the industrialization programs. Parana has taken the lead as a producer of coffee for the markets of the world.

Kilo ~ 2,2 lbs
15
33 lbs

Coffee Production Growing

In July 1953, Parana suffered greatly from frost, one of the perennial dangers threatening the coffee plantations. But all the methods of preventing frost damage are gradually being put into effect: plantings are made on the slopes least likely to be touched and other protective crops are interspersed. After the 1953 damage the Secretariat of Agriculture estimated that there were 686 million trees in the coffee zones. The median production of coffee in Parana is estimated at 70 arrobas (one arroba equals 15 kilos) per 1,000 trees. This production figure of 70 arrobas per 1,000 trees is most striking when one realizes that average production for all Brazil, and for São Paulo State, is only 27 arrobas per 1,000 trees. The new zones produce approximately 100 to 120 arrobas per 1,000 trees and for the 1953-54 crop there were an estimated 252 million new trees.

A comparison of Parana's production with that of São Paulo and all Brazil is a good indication of what the future holds.

Brazilian Coffee Production

(in thousand sacks of 60 kilograms)

Crop	*State of Parana*	*State of São Paulo*	*Total Brazil*
1943-44	159·8	5,936·1	12,160·0
1944-45	578·9	4,721·8	9,136·3
1945-46	673·8	6,100·6	12,700·5
1946-47	1,138·1	8,874·3	14,018·7
1947-48	1,550·4	6,522·5	13,572·0
1948-49	1,885·2	11,173·4	16,952·2
1949-50	2,317·9	7,390·7	16,303·1
1950-51	4,030·8	8,121·3	16,762·5
1951-52	2,842·4	6,261·3	15,018·6
1952-53	4,947·7	7,056·7	14,925·8

Source: Statistics of D.N.C. and Associaçao Paranaense de Cafeicultores.

This coffee being loaded aboard ship represents Paranagua's biggest export; over 72 per cent of shipments outward bound consist of coffee. The port is being enlarged to handle both exports and imports more quickly and efficiently.

The statistics are striking and will be more so in the years to come. Coffee development cannot be held back. Even during the years when government policy limited coffee production, Parana's output continued to soar.

Other Major Exports

Parana's two other major exports are Yerba mate and Parana pine. Yerba mate, commonly called Brazilian tea and native to many areas in the temperate climates of South America, is becoming popular abroad. Traditional markets are stepping up their purchases and new markets include Germany, Italy and France, where the taste for this beverage, known as a tonic and stimulant, is growing. Parana is Brazil's largest producer of Yerba mate; one large firm in Curitiba shipped 650 metric tons to Germany this year and expects an annual increase as the product gains wider acceptance.

Parana pine has been an important factor in the progress of the southern states and is one of the largest items passing through the ports of Parana and Santa Catarina—Paranagua, Sao Francisco do Sul, Itajai and Florianopolis. Exports of the pine in 1953 totalled 563,836 metric tons, valued at Cr.$947,045,000.

Canada has bought Parana pine for many years and undoubtedly will continue to do so; the normal pine export markets are Argentina, Uruguay, Chile and Europe. The value of Canadian imports during the past few years was: 1950, $38,904,; 1951, $503,162; 1952, $412,659; 1953, $697,970; 1954, $648,335.

PORT OF PARANAGUA

In step with Parana's growth, the port of Paranagua is preparing for the future by expanding and improving its installations. At present, the port has 2,211 feet of mooring docks and 45 feet of docking space for fuel carriers. Another 3,036 feet of docks are being added to give 5,742 feet of berthing space. The whole port area is being expanded at the same time, and thousands and thousands of tons of fill will be laid to reclaim land for the proposed development. The port authority has at its disposal some 6,912 thousand square feet and the work under way now will add 4,050 thousand square feet. Paranagua has 21 large warehouses—12 for general cargo, six for coffee and three for fuel. Seven more have either recently been completed or are building.

The port has steam and diesel locomotives, 170 freight cars capable of handling 5,100 tons, and 25 steam and electric cranes. The port authorities are seeing to it that their facilities keep pace with the state's expansion and they have an eye on the future which, it is generally agreed, will make Paranagua a solid choice for number three port of Brazil.

Paranagua's development has been rapid and steady since its official inauguration in 1935. That year, exports totalled only 63,000 tons. By 1952 they had increased to 253 thousand tons. The following table gives a striking picture of the port's and the State's progress:

Exports through Port of Paranagua

(in 1,000 metric tons)

	Coffee	*Lumber*	*Mate*	*Sundry*	*Total*
1935	12	23	8	20	63
1940	33	69	13	47	162
1945	4	58	10	109	181
1950	116	58	28	42	244
1951	192	59	18	46	315
1952	182	28	18	25	253

Coffee Builds Port

— Popln 1650

Paranagua, as mentioned earlier, owes its present and its future to coffee. In the early days of Parana's coffee development most coffee exports travelled at high cost overland to Brazil's number one coffee port, Santos. In fact, as late as 1946-47 most of the State's coffee (some 56 per cent) was shipped via Santos. But when the 1947-48 crop was ready for market,

Paranagua was coming into its own. Of the 1952-53 crop, less than 12 per cent left by Santos, and Paranagua had arrived at its logical place in the Brazilian coffee trade.

In the first quarter of 1953, over 300 thousand metric tons of cargo were moved in Paranagua. Of this 60 per cent represented imports and the rest exports; of the 120 thousand metric tons of exports, coffee contributed 90 thousand with a value of some $86 million. Over 72 per cent of the port's outward bound shipments is coffee.

Imports, made up principally of gasoline, fuel oil, kerosene, wheat, cement, sugar, rice and salt, are larger in volume than exports, but in terms of total value exports are far ahead. In the first quarter of 1953, when exports totalled 120,255 tons, imports totalled 180,013 tons, of which some 22,000 tons were coastwise shipments.

Transportation a Problem

Transportation is one of the most serious problems facing the whole State of Parana and, though steps are being taken to remedy some of the difficulties, Brazil's shortage of foreign exchange is a limiting factor. The Parana-Santa Catarina railroad, a narrow-gauge system with a preponderance of wood-burning locomotives, serves the port of Paranagua. The highway system too leaves a great deal to be desired but the State Highway Department is progressing with the "auto-estradas" from Curitiba to Paranagua. This eventually will be a four-lane super-highway similar to the Santos-São Paulo one. Popln 140,000

In spite of the poor roads, most of the coffee arrives in Paranagua by truck. In the first eight months of the 1952-53 crop year, approximately three million bags were delivered by road and 1·1 million by rail. The state government is constructing subsidiary roads; in 1954, 1,300 kilometres were in process and over 300 kilometres were practically completed. Some 200 kilometres of paved roads were about ready in 1954.

Industrialization in South

Parana and its neighbouring state Santa Catarina are industrializing as the local markets continue to expand. The growth of hydro-electric power production is proof of this. In October 1944, the Companhia Forca e Luz of Curitiba, Parana's largest power producer, had a capitalization of Cr.$70 million. By October 1954, this had increased to Cr.$266 million with an additional Cr.$150 million worth of work in progress. Present capacity of this company is 27,000 kw. (Parana's total capacity is 54,347 kw.), and construction under way will increase it to 42,000 kw. by early 1956. In the ten years 1944 to 1954 the number of consumers increased from 17,500 to 39,220 and the number of industrial consumers doubled. In 1944, some 21,350 million kilowatt hours were consumed and in 1954, 98,466 million.

Future Worth Watching

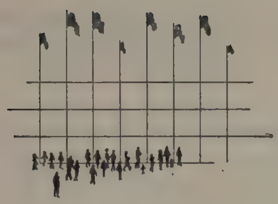
Parana—with its wealth of resources, land, people and hydro-electric potential—is a market worth watching. The State's greatest needs are for better transportation and more power. Agriculture requires much more machinery and large quantities of fertilizers. As these needs are filled, a market will open up for a range of products which Canadian exporters can supply. North American-type products are popular here. Once Brazil starts on the road to economic recovery, the export possibilities for Canada in this southern area will be well worth cultivating.

Sao Paulo Plans a Steel Mill

São Paulo hopes soon to have a steel mill and as a first step a new company, Companhia Siderurgica Paulista (COSIPA), has been formed with a capital of Cr.$2,700 million. The projected plant will be built at Piassaguera near the oil refinery of Cubatao. This location, near the port of Santos and the large power installations of the São Paulo Light and Power Co. Ltd. in Cubatao, is a strategic one and lends itself to the development of a canal system which could carry large tonnage vessels right up to the proposed mill. This would cut down the cost of transporting iron ore from the state of Minas Gerais, which is normally shipped via the port of Vitoria. The canal would also make it easier to bring in imported coal and domestic coal from the southern state of Santa Catarina.

On this site, the steel mill would be in an ideal position to serve the largest industrial concentration in Brazil. Products of the mill would be shipped on the Santos and Jundiai Railroad and by truck on the Via Anchieta, the modern four-lane highway from Santos to São Paulo. Other states in Brazil could be served from the port of Santos.

The originators of the plan forecast an initial production of 210 thousand tons, to be increased ultimately to a million tons a year. When financial arrangements are concluded, the plant can be built in three years and go into production during the fourth year. It is expected that a foreign group or groups will furnish foreign capital; local currency will be raised partly from private sources and partly with the assistance of Brazil's Economic Development Bank.



fairs and exhibitions

At the Showroom

SWEATERS with authentic West Coast Indian designs, sweaters of tried-and-true cashmere and of the newer orlon, tartan skirts for milady and tartan shirts for her husband—these and many other colourful types of sportswear are brightening the Canadian Showroom in Rockefeller Centre until the end of April. They're all part of the Sportswear and Knit Goods display which opened on April first.

The Indian sweaters are exhibited against a background of totem poles, some of them six feet high and some much smaller; the tartan skirts and shirts are arranged in front of backdrops of authentic clan tartans. The cashmere sweaters are matched by head-hugging tiny cashmere bandeaux and cashmere sports gloves with leather palms, and the orlon sweaters are accompanied by fine wool skirts in matching colours. The visitor will also find in the display skiwear in vivid or pastel tones, knitted suits, and curling tams and caps.

Some twenty Canadian firms, from Victoria, Winnipeg, Toronto, Galt, Waterloo (Ont.), and Montreal, are represented.

Import Quotas for German Fairs

DURING THE SIX MONTHS ending June 30, 1955, Western Germany will grant special import permits for certain goods sold by Canadian exporters participating in German international exhibitions. These special import permits are available in the amount of 1,100,000 D marks (about $258 thousand Canadian) for agricultural products, and 500,000 D marks (about $117 thousand) for non-agricultural materials and manufactured goods. The quotas apply to Canadian goods sold at German exhibitions, even if they are not in Germany at the time of sale.

Under these quotas items may be imported which have not yet been liberalized by Western Germany, except certain listed goods including preserved and powdered milk; cereal groats, meal and semolina; edible lard; meat and fish products; non-edible horticultural products and seeds. Further, limited quotas only are available for fresh, salted and smoked salmon; flour of cereals; macaroni, noodles and soups containing such; canned fruits and vegetables, fruit juices and concentrates; wine; natural honey; cheese.

The above quotas were established under a new procedure whereby the Government of the German Federal Republic will announce twice a year import quotas for Canadian goods sold at exhibitions.

A list of German trade fairs and exhibitions to which these quotas apply is available in the Department. Information on the status of individual Canadian goods under German import liberalization and under the quotas for exhibitions may be obtained from the International Trade Relations Branch of the Department.

Plastics Fair Postponed

THE WORLD PLASTICS FAIR and Trade Exposition, originally scheduled for Los Angeles, California, April 6-10 has been postponed. New dates set, the manager of the Fair writes us, are October 5-9, 1955. The hope is that the later date will give prospective foreign exhibitors more time to arrange for and prepare their displays. The domestic exhibitors who had booked space for the April showing have all renewed their contracts for October.

Industrial India

ALSO SCHEDULED for October is an interesting exhibit on the other side of the world—the Indian Industries Fair, to be held in New Delhi from the end of October until the middle of December. The Indian Chambers of Commerce are organizing this exhibition, with the active encouragement of the Indian Government.

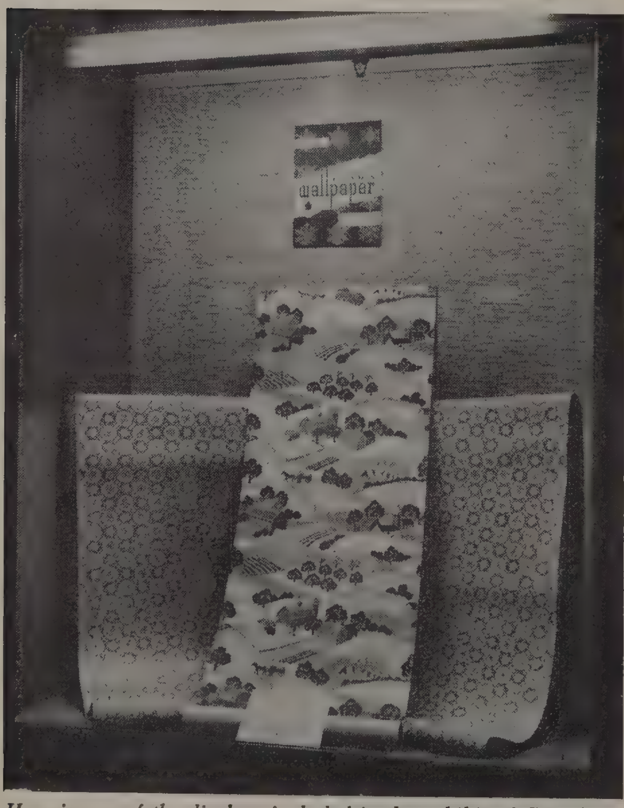
The displays at the Fair will fall into two classes. First will come those featuring Indian-manufactured goods and illustrating the rapid strides which domestic industry is making. Second, the Fair will include exhibits of capital goods and equipment made in other countries. Indian industrialists will thus be able to examine the design, quality and performance of foreign equipment and compare it with their own.

So far ten countries have reserved space, including the United States, the United Kingdom, Soviet Russia, Germany, Australia, and several other European and

Asian nations. The site of the Fair is well equipped to give service to both exhibitors and visitors. It will have its own specially built station and railway siding, restaurants, an open-air theatre, and even an amusement park.

Enterprise at Utrecht

IT'S ONE THING to design and set up a display at a Fair but another to make sure that the right people see it. One of the Canadian exhibitors at the recent Royal Netherlands Industries Fair, held in Utrecht from March 22-31, made a vigorous attack on this problem. He decided to send an electronic organ as part of the integrated display of Canadian-made consumer goods. But that was only the first step. He made arrangements to have the organ played at regular intervals throughout the Fair, and to be on hand himself to talk with prospective buyers. To make sure that buyers would seek him out, he obtained from the Trade Commissioners in the Netherlands and in many other neighbouring European countries lists of dealers in musical instruments. Each of them received a personal invitation to visit his booth.



Here is one of the displays included in the exhibit of Canadian-made wallpaper presented in the Canadian Showroom. Rockefeller Centre, from February 29-March 26. The distinctive designs and good quality of the paper attracted inquiries from a number of interested dealers in the United States.

The Canadian display at Utrecht wasn't confined to organs. Altogether 26 Canadian manufacturers sent products for a composite exhibit arranged by the Department of Trade and Commerce. These products ran the gamut from toys, moulded plywood boats, ski boots and skates to utilitarian goods like aluminum ladders, oil space heaters, a combination refrigerator and freezer, and a rotary power lawn mower. Not only did the display give prospective purchasers a chance to study Canadian-made goods—it also presented a partial picture of the way Canadians live and the equipment they use to make their life easier.

April in Basel

WATCHES, textiles, machine tools and electrical goods will receive top billing at this year's edition of the Swiss Industries Fair, which will open in Basel on April 16 and run until April 26. Some 2,300 exhibitors, divided into 17 commodity groups, will occupy over 1·3 million square feet of display space. Last year over 680 thousand visitors came to the Fair, including 25,000 from 78 different countries.

The Watch Fair embraces about 150 watch manufacturers who together turn out approximately one-half of the world production of wrist and pocket watches. In the textile group, some 250 Swiss manufacturers will exhibit; in the footwear and leather goods, about 40. The Swiss machine tool industry, which enters the Fair only every second year, will show large machines and also small, high-precision ones for the watchmaking industry. Equipment for the use of hydraulic power will also be featured.

Calendar of Overseas Fairs

Milan International Trade Fair, Milan, Italy, April 12-27. For information, write: Commercial Attaché, Embassy of Italy, 133 Sparks Street, Ottawa.

Lyons International Trade Fair, Lyons, France, April 16-25. For information, write: Commercial Counsellor, French Embassy, 464 Wilbrod Street, Ottawa.

German Industries Fair, Hannover, April 24-May 3. For information, write: German-Canadian Trade Promotion Office, 185 Bay Street, Toronto.

Brussels International Trade Fair, Brussels, Belgium, April 23-May 8. For information, write: Consul General of Belgium, 709 Sun Life Bldg., Montreal.

British Industries Fair, London and Birmingham, England, May 2-13. For information, write: Senior Trade Commissioner for the United Kingdom, 56 Sparks Street, Ottawa.

(continued on page 18)

Stockpiling in the United States

Tight supply of some important non-ferrous metals in the U.S. has focussed attention on the Government's stockpiling program. Pressure by the nickel, aluminum and copper industries for relief has brought some diversions from the stockpile; some copper products are under export control.

E. H. MAGUIRE, *Commercial Secretary, Washington.*

FOLLOWING RECOMMENDATIONS made by the Cabinet Committee on Mineral Policy in March 1954, the President enlarged the scope of the United States' stockpiling program by authorizing the establishment of new long-term metal and mineral stockpile objectives. The first purchases under this new program were made in June 1954. The long-term objectives are calculated on the assumption that overseas supplies will not be available to the United States in time of war; the resources of such countries as Canada and Mexico would of course be as accessible as those within the United States. The objectives are also designed to do away with the necessity of applying conservation measures in times of emergency. The Office of Defence Mobilization (ODM), which is the agency charged with carrying out stockpile policies and keeping stockpile requirements constantly under review, has been instructed to continue to fulfil the minimum stockpile goals by purchasing from all sources as quickly as possible. But, under the long-term program, ODM's purchases must be so timed and placed as to help to reactivate domestic productive capacity and in other ways alleviate distressed conditions in the industry. Consequently, preference must be given to newly-mined metals of domestic origin.

In addition to stimulating the domestic mining industry, the new stockpile policy is designed to assist U.S. agricultural exports. Strategic metals and minerals from foreign sources may be acquired in exchange for surplus agricultural commodities under the Agricultural Trade Development and Assistance Act.

Mobilization Bases Established

Purchases under the long-term program are to be carried out in accordance with the mobilization bases that are being established for the various strategic minerals and metals. The mobilization bases will represent the minimum levels at which domestic production must be maintained in order to ensure safe levels of production in times of emergency. It is expected that the preliminary goals set last August for the purchase of lead and zinc under the program will be reached during the second half of this year. By that time, it is anticipated that mobilization bases for these metals will have been established and the monthly purchases will be adjusted accordingly.

Minimum Objectives

In the meantime, the policy of fulfilling the minimum stockpile objectives will continue. As of June 30, 1954, the minimum objectives for 30 of the 75 stockpile materials were reached. In the case of 18 materials, however, stockpile inventories represented less than 50 per cent of the objectives. Over $600 million was expended for stockpile materials during the year ended June 30, 1954. The value of materials in the stockpile inventory on June 30, 1954, amounted to $4,284 million on the basis of market prices at that date, and $619 million worth of materials were on order. In terms of June 1954 prices, the value of the stockpile inventory will amount to $6,985 million when the minimum objectives are reached. The value of materials acquired under the long-term program will be added to this amount.

Strategic materials are acquired for the stockpile by three methods: by contracts entered into with producers under the authority of the Strategic and Critical Materials Stockpiling Act, by the barter and sale of surplus agricultural commodities, and by taking delivery from the Defence Production Act inventory. The Defence Production Act provides ODM with a revolving fund of over $2,000 million which can be used to stimulate the production of strategic materials both inside and outside of the United States. Materials delivered under contracts entered into under the Act are held in the Defence Production Act inventory. When the stockpile takes delivery of material from this inventory, the revolving fund is reimbursed accordingly.

The size and scope of the stockpile effort is illustrated by the fact that stockpile materials are stored at 313 locations in private or government-owned storage facilities. In addition, special warehouses and tank farms are being constructed. Where necessary, materials are sold and replenished to prevent deterioration and, wherever possible, are upgraded and refined to the point at which they would be more readily usable in the event of an emergency. In co-operation with other government agencies, ODM is engaged in a vast program of encouraging the discovery and development of

97687—3

domestic sources of supply of certain critical materials and, where this is not possible, the development of substitutes for these materials.

A great deal of attention has been focused on the government-owned stockpile in recent weeks because of the development of tight supply positions in some of the key non-ferrous metals—notably nickel, copper and aluminum. The shortages have caused producers and consumers to exert pressure on the stockpile authorities for relief through diversions from the stockpile, and some concessions have been made. If the shortages continue for any length of time, and this appears likely in the case of nickel and perhaps copper and aluminum as well, it is doubtful whether the authorities can resist the pressure for further concessions.

Since the Defence Materials System, a hold-over from Korean war days, is still in force, the shortages will affect the production of civilian goods rather than military goods. The System requires that specified quantities of steel (including nickel-bearing steel), copper and aluminum shall be set aside at mill level each quarter for the benefit of manufacturers of specially-designed military equipment and manufacturers of civilian-type items incorporated in military equipment. The Administration's present policy is to seek to avoid re-imposing commodity controls. Therefore, if the shortages persist, prime producers of steel, copper and aluminum may be forced to ration supplies to customers producing civilian goods.

Nickel Diverted to Industry

Late in January, the Office of Defence Mobilization authorized the diversion for industrial use of two million pounds of nickel which were scheduled to go into the stockpile. Reasons for the decision were not given but it is thought that a number of factors influenced it. Probably the most important of these was the desire to satisfy, in some measure, the stronger non-defence demand for the metal which was aggravated by an unexpected increase in military consumption during the first quarter. It should be borne in mind that this diversion was made despite the official view that the present stockpile holdings of the metal are not at a safe level.

Nickel consumers are hoping that a similar diversion will be permitted during the second quarter. They point out that expanded military requirements are more than offsetting the increased supplies which have resulted from the action taken by ODM and, therefore, civilians are now receiving less nickel than during the same period last year.

Copper Consumers Suffer Shortage

The ODM has not been so accommodating with respect to copper. Copper consumers, particularly brass and copper wire mill producers, find themselves caught in a squeeze because of inventory building, the booming European markets with a world price substantially higher than the domestic price, and a shortage caused by strikes in the Rhodesian mines. Despite the demands for relief, ODM has refused to allow diversions or slow-downs on deliveries to the stockpile. As a token concession, ODM has already permitted the diversion of about 8,000 tons of copper from the Defence Production Act inventory to industrial consumers. Since this metal might eventually have found its way into the stockpile in any case, the concession represents in effect a diversion from the stockpile. The Defence Production Act inventory was pretty well cleaned out during the temporary copper shortage last autumn and it is unlikely that further quantities can be counted on from this source in the immediate future.

As an additional measure to give relief to the internal copper situation, the United States Government has placed refined copper of domestic origin and copper scrap under export control. It has been announced that export permits will not be granted for refined copper of domestic origin, and export quotas for copper scrap and copper base alloy scrap have been set at 6,000 tons for each category for February-March and a total of 12,000 tons of both categories for the second quarter.

Relief for Aluminum Industry

In response to very strong representations made by the aluminum industry, ODM has taken steps to ease the supply situation. A thirty-day suspension of aluminum deliveries to the stockpile was permitted during the first quarter and a similar suspension will prevail in the current quarter. Deliveries to the stockpile are expected to be 50 million pounds less in this second quarter than was originally scheduled. It is reported that ODM will take another look at the supply-demand picture in May. The cut-backs in deliveries have been permitted on the understanding that producers will make good the shortfall by January 31, 1956.

The aluminum shortage has developed despite an apparent decrease in military requirements for the second quarter of this year. This slackening in military demand is evidenced by the fact that manufacturers of aluminum have been instructed under the Defence Materials System to set aside for military purposes only 135 million pounds of aluminum, in specified shapes and forms, during the second quarter, compared with 140 million pounds in the first quarter. It is generally thought that the greater demand for aluminum stems from new and growing civilian use of the metal, although it is admitted that there has been some scare buying and inventory building. The aluminum industry points out that the shortage will remain for some time to come and is agitating for export controls to be placed on aluminum similar to those recently imposed on copper. ●

What to Sell down South

Research into the southern market reveals that certain Canadian products sell well there and others have possibilities, despite competition and the high freight costs.

G. A. NEWMAN, *Consul General and Trade Commissioner, New Orleans.*

ONE VALUABLE WAY of determining which Canadian products should sell in the Southern States is to find out what our customers there are already buying. The New Orleans office recently made a study of the goods moving from Canada to the South by water, by rail, and by truck. This study turned up some useful information.

Imports by Ship

Only two southern ports, New Orleans and Houston, break down the goods coming in according to commodity and country of origin. Imports from Canada into the port of New Orleans in 1953 consisted of newsprint, $5,204,197; lumber and shingles, $1,400; pigments, paints and varnish, dry (barytes), $273,654; and pigments, paints and varnish, wet, $25,510.

Imports into the port of Houston from Canada in 1953 included asbestos, $2,545,200; bags and bagging, $430,500; hardware, $18,000; barytes, $150,955; newsprint, $9,337,560, and paper, $17,550.

Though there are no figures for the South Atlantic ports, they are used regularly for shipments of Canadian rock gypsum and for potatoes from the Maritime Provinces.

All the imports mentioned, though they are important, do not begin to equal the wide variety of products which move into the Southern States from Canada mainly by rail, and to a lesser extent by truck.

Undoubtedly the use of southern ports would be advantageous in meeting freight costs from Canada. However, after a careful examination of the present state of Canada's trade with the South and the products involved, it is difficult to see a basis on which to build a regular service. It is possible that, with the opening of the St. Lawrence Seaway, a greater variety and volume of Canadian goods will move to the South by water. Canadian hardwoods, certain wood products and agricultural machinery, for example, may then be included in such shipments.

Imports by Rail and Truck

A wide variety of Canadian products move south by rail and truck, but it is impossible to assess such shipments by volume or value. All that can be done is to indicate the types of products which are being shipped, according to data supplied by the various railroads engaged in this trade.

Foods and Feeds

Apples, pears, frozen berries, potatoes, rutabagas, whisky, canned hams, miscellaneous vegetables, canned foods, eggs, hay, oats, beet pulp, grain screenings, grain products, maple syrup.

Fresh frozen fillets of fish, canned fish, fishmeal.

Metallic Durable Goods

Zinc, zinc concentrates, lead, aluminum, agricultural machinery and implements, machinery and castings.

Mineral and Chemical Products

Asbestos, salt cake, fertilizer, chemicals—various, brick and firebrick, latex, scrap and waster materials, insulation, roofing, barytes, crude gypsum, pulp mill liquid.

Agricultural and Forest Products

Peat moss, Christmas trees, newsprint and paper, wood pulp, pulpboard, shingles, barrels, lumber (softwood and hardwood), hardwood plywoods and veneers.

Miscellaneous Products

Furniture, bagging, vehicles, boats.

Some further detail on these imports might be helpful.

Forest Products

Newsprint is the outstanding Canadian export to the Southern States but apart from this, the main expansion in sales in this group in recent years has been in lumber. This, of course, is in keeping with the growth of industry and the demand for urban homes and buildings. For European countries this has meant a steady demand for metal and glass products and for Canada, lumber. Southern forests can no longer supply the quality of woods required in structural work and much of their second- and third-growth woods are now being used for pulp and paper production. There is every evidence that the South should prove a long-term market for both Canadian softwoods and hardwoods, with the extent of the business governed in

97687—3½

many instances by the cost of transportation. Christmas trees are also regularly imported from Canada as far south as New Orleans.

Food and Feeds

Next to wood and wood products, the market for foods has shown the greatest activity. Canadian apples from British Columbia are well-established in the South and recently Canadian pears have been appearing. Some frozen blueberries are imported from time to time.

Canadian potatoes are brought in regularly through the Atlantic Coast ports and their sale is concentrated in the Florida area. Canadian rutabagas (turnips), moving mainly by truck from Ontario, have penetrated most of the markets of the South.

Canadian packinghouse products are gradually being introduced and as trucking services improve, sales in the South should rise.

Neither Canadian frozen fish fillets nor canned fish are well known in the southern markets. Some Canadian canned salmon is sold under established United States brands, but to date Canadian packers have not found it convenient to establish their own brands in this market where, it is said, price advantage is too uncertain to warrant the expense.

Canadian whiskies, the products of well known Canadian distillers, are widely distributed and well known in these markets.

Mineral and Chemical Products

There should be an increasing demand for certain Canadian products in this category as southern industrial production and the consumer market expand. Asbestos and crude gypsum are already being imported in large quantities. The market for Canadian salt cake among the sulphate pulp and paper producers of the South may be enlarged, provided transportation costs are kept low enough to compete with certain U.S. sources.

Within these general categories, Canada's participation in the southern market is conditioned by duties, freight costs, and competition from domestic suppliers outside of the Southern States.

Consumer Goods

An examination of both the European and Canadian products imported in volume into the South shows that they conform to the pattern which emerged in the survey of southern economic development. (See *Foreign Trade* of March 5, 1955.) The emphasis in imports is on construction materials, metallic goods and certain general and chemical products which are needed in industry and agriculture. There is a marked absence of imports of consumer goods, apart from certain foodstuffs.

A direct examination of the southern market for consumer goods by the various European trade representatives and by this office reveals that a great deal of initial effort is required to introduce such goods into this area. There are a number of reasons for this. The first is the moderate southern incomes which encourage interest in moderately priced goods. These are mass-produced to advantage in the United States and the manufacturers are rapidly expanding their branch plants and warehouses in the South to give better service at competitive prices.

Another is the fact that some of the southern department stores, like their counterparts in the north, do their purchasing through New York buying offices. This does not, however, generally hold true of stores in four southern cities—Atlanta, Memphis, Dallas and Houston. A third factor is, of course, the cost involved in transporting goods from Canada to the southern market.

Distribution Problem

All this does not mean, however, that an outstanding Canadian product, or one produced at an especially competitive price, cannot be sold in the South. But it does show that there are problems. Canadian firms which wish to launch out in the South may find it desirable to set up some form of wholesale distribution arrangement which will permit quoting duty-paid delivered prices to interior points.

Future Prospects

The Southern Association of Science and Industry, in a report presented to the Southern Governor's Conference in 1954, forecast that from 1950 to 1975, population in the South would increase by some 14 million people. It also expected that the expansion in industrialization would be maintained, especially in the textile and chemical fields. This means that southern incomes, along with increasing population, will continue to improve. On this assumption, the market for consumer products and manufactured goods should double in the 25 years.

Irrespective of whether or not the expansion in the South is maintained to the expected degree, continued economic improvement seems likely. This promises a long-term market for many of Canada's forest products, some foodstuffs and feedstuffs, some chemicals and minerals, a few types of machinery and equipment, and a few consumer items. ●

United States

The Rise of the Discount House

Growing importance of the discount house as force in U.S. retail trade is giving manufacturers and retailers some concern. But the consumer's attitude may prove to be the decisive factor.

C. E. BUTTERWORTH, *Vice-Consul and Trade Commissioner, New York.*

THE SO-CALLED "DISCOUNT HOUSE" is taking an increasingly important place in the retail trade of the United States. Before World War II these discount houses were few, but they mushroomed with the postwar buyers' market to an estimated 6,000 to 10,000 outlets. A recent panel report from the U.S. Chamber of Commerce puts retail discount sales in the U.S. at over $25 billion a year, or about 18 per cent of the total retail trade. A second Chamber of Commerce survey revealed that 70 per cent of distributors questioned had to contend with discount house competition. And the National Retail Dry Goods Association has calculated that 95 per cent of all the electrical appliances sold in New York City are sold at less than the manufacturer's retail list price.

In these circumstances, traditional retailers and many of their suppliers are much concerned about the role of the discount houses and their popularity with a large segment of the buying public.

Characteristics of Discount Retailing

The widely accepted definition of a discount house is "a retail establishment offering merchandise at less than regular retail price". The reductions may be 10 to 50 per cent off a manufacturer's advertised retail selling price. The products so sold frequently embrace a wide range of items including auto supplies, plumbing supplies, electrical appliances, housewares, blankets, linen, silverware, floor coverings, furniture, drugs and cosmetics, sporting goods, toys and watches. Sometimes even automobiles, building materials, tools, paint, detergents, and men's clothing are sold in this way.

Originally, discount houses were small low-overhead operators in dingy quarters on side streets, who catered to a clientele restricted to members or card holders. But these features no longer apply. Such stores are now well-located, their doors are wide open to the public, they advertise and issue catalogues, they operate suburban branches, and in many other ways they have become normal retail sales outlets. For example, Chicago's largest "discounter", with 250 thousand feet of floor space and an annual turnover of $30 million, advertises widely over television and in newspapers, occasionally 18 pages at a time. Free soft drinks, clown shows and other sales inducements are frequently provided. For the most part, sales are for cash only, home deliveries may be restricted, merchandise display is limited, and selling services (including packaging and wrapping) are often cut to the minimum. Such stores usually offer a good selection of brands of any single product but not all brands are necessarily available at all times. To begin with, returns were not allowed but this policy is changing and more discount houses are now honouring complaints.

The Fair Trade Problem

The supporters of legally protected retail selling prices (i.e., Fair Trade) in this country look askance at the discount house, maintaining that such prices follow logically after other measures to protect the consumer against exploitation by manufacturers and irresponsible traders. They point to the development of merchandising from the time sales involved the retailer and consumer only, to its present stage in which the relationship of the manufacturer and the consumer has become important.

When goods were sold unbranded and the source not identified, prices were determined by bargaining between the consumer and the retailer. Quality and prices were not necessarily constant. Subsequently, a single price to all buyers of substantially the same article became the custom but the consumer's only assurance of quality was still the retailer's word and reputation. The assertion is that standards of value were better assured when the practice of selling trademarked goods in original manufacturers' packages at uniform prices became an accepted method of merchandising. It is argued that the retailer at this stage became primarily a channel of distribution for goods the quality of which was the responsibility of the manufacturer who had processed, packed, guaranteed and advertised them. Under such conditions, it is held, consumer confidence in the manufacturers' product is created and maintained by sales at uniform prices through all retail outlets. It is also argued that the lack of orderly retail pricing and distribution arrangements reduces sales outlets by eliminating the small retailer.

This also cuts sales volume, with ultimate damage to the consumer's chance of obtaining mass-produced goods at low prices.

Retailer's Attitude

Notwithstanding Fair Trade legislation passed by 45 state legislatures and held constitutional by the U.S. Supreme Court, the prosperity in recent years and increasing competition in the sale and production of consumer goods seem to have made its enforcement less effective. Lately, however, fair trade in general and pricing policies specifically have attracted lively public debate and caused the trading community some concern. Most retailers seem to feel that the best method of attacking the problem is to compete with the discount house wherever possible.

Although certain manufacturers have tightened up on their distribution arrangements, with consequent temporary disappearance of some products from discount house channels, others—including at least two large appliance firms—have recently released their distributors from price resale restrictions. Many manufacturers and retailers are clearly reluctant to take the necessary legal action, probably because of public interest in competitive prices and the fact that court injunctions against discount houses do not seem to discourage their operations. For example, one discount house whose sales amount to almost $20 million a year has had 100 injunctions brought against him by manufacturers.

Other manufacturers object to the use of their nationally advertised products as "loss leaders" at discount prices, especially if the retailer concerned makes up a planned loss by selling less familiar merchandise.

Consumer to Be Decisive Factor

Some observers contend that this minor revolution in goods distribution parallels the development of the chain store some years ago, and that the discounter is now the alert merchandiser who is passing on to his customer the savings in distribution costs through low-overhead volume sales.

The following figures on relative retailing costs supplied by the National Retail Dry Goods Association and by a leading discount merchant (assuming they are comparable) lend support to this thesis:

	Retail	*Discount House*
	(figures as percentage of gross sales)	
Salaries and wages	17·70	5·69
Store and selling expenses	6·50	2·11
Warehouse and shipping	2·25	1·95
Office and general	4·45	1·45
	30·90	11·20

The fact that a large segment of the buying public patronizes discount houses is proof that the consumer has become more selective in the matter of price as well as quality and depends less on instalment credit. With years of supermarket experience, he is prepared to concede special retailing services in exchange for lower prices. Extensive advertising by manufacturers, whose reputation for reliable products is unquestioned, and the consumer's knowledge of and experience in branded goods are other factors favouring such sales.

Without greater public support or legal action on the part of manufacturers and distributors, fair trade legislation in this country appears to be jeopardized and to some extent discredited. So long as goods and cash are plentiful, it is certain that the consumer's wishes will be the decisive factor in this current merchandising drama.

Fairs and Exhibitions

(continued from page 12)

Exhibition in Ethiopia

THIS YEAR marks the 25th anniversary of the coronation of Hailie Selassie as Emperor of Ethiopia. To celebrate the occasion, Addis Ababa will be the scene of an Economic and Cultural Exhibition sponsored by the Imperial Ethiopian Ministry of Commerce and Industry. Government departments will participate; so will Ethiopian exporters, importers and industrialists.

The exhibition has a dual purpose—to celebrate the achievements during the Emperor's reign and to promote the country's internal and external trade. The hope is that foreign exhibitors will also participate and already application for space from nine countries—including the United States, the United Kingdom, Germany, France, Italy and India—have been received. The authorities would welcome participation from Canadian companies through their Ethiopian representatives. The dates of the exhibition are November 12-December 4, and the Commercial Secretary for Canada in Cairo, Egypt, will be glad to supply further information.

Invitation to the Fair

PAKISTAN INVITES Canadian manufacturers and producers to attend the Third Pakistan International Industries Fair in Karachi. The dates for this show have been advanced and it will now be held from September 2 to October 2, 1955. Details are available from the High Commissioner for Pakistan, 505 Wilbrod Street, Ottawa. ●

commodity notes

Australia

MINERALS—Calculated on the September quarterly figures of mineral production in Western Australia, iron ore exports from Yampi Sound are worth nearly £1 million a year to Western Australia. In the third quarter of 1954, Australia exported 237,815 tons of iron ore with an iron content of nearly 62 per cent and a value of £235,833. With the exception of coal, iron ore makes the biggest contribution to the State's mineral production. Next on the list is pyrites, 12,073 tons being produced in the September quarter for 5,314 tons of sulphur worth £96,346. Asbestos production is third—648 tons with a value of £90,030—followed by pig iron with a total value of £52,529—Melbourne, March 7.

Brazil

BANANAS—Banana exports through the port of Santos in 1954 totalled 11,957,473 stems, the largest volume registered since 1939. As compared with exports of 8,981,891 stems in 1953, last year's shipments represented an increase of 33·1 per cent—São Paulo, March 15.

COFFEE—Brazilian coffee exports during the first six months of the current crop year (1954-55) totalled only 5,605,928 bags, a decline of 37·8 per cent as compared with shipments of 9,008,464 bags during the same period of the previous year. Shipments in January alone totalled 814,329 bags. Of this 763,750 bags were exported abroad, 30,155 shipped coastwise and 424 consumed on board—São Paulo, March 15.

Colombia

BATHROOM FIXTURES—The first factory in Colombia to make porcelain bathroom fixtures has gone into production in Bogotá. It is called Porcelana Sanitaria Ltda. and both the capital and raw materials to be used in manufacturing are Colombian. The products compare favourably in appearance with those made in Canada and because of high tariff protection are assured of a favoured position in the local market—Bogotá, March 15.

Cuba

COFFEE—The Cuban Coffee Buying Committee and the Cuban Foreign Trade Bank have jointly authorized the export of up to 2½ million lb. of coffee. Cuba has not exported coffee since 1945; the present action releases for the world market approximately 3 per cent of Cuban production—Havana, March 16.

Finland

PAPER—Total Finnish production of paper in 1954 amounted to 850 thousand tons, of which 456 thousand tons were newsprint and 165 thousand tons kraft paper. Total production in 1953 reached 745 thousand tons; exports rose to nearly 700 thousand tons compared with 625 thousand tons in 1953—Stockholm, March 10.

Greece

CURRANTS—The 1954 crop of black currants was excellent at over 72 thousand metric tons, although much lower than prewar production (128 thousand metric tons in 1938). Production has continued to fall because of smaller demand, the result of postwar exchange difficulties in purchasing countries and some switch in taste. By the end of the year, 50 thousand metric tons of the new crop were exported, the U.K. buying 41·2 thousand tons—Athens, Mar. 10.

Mexico

COFFEE—The 1954-55 coffee harvest will yield 1,755,000 bags, the National Coffee Commission anticipates; domestic requirements will take 200 thousand bags. Mexican growers are interested in increasing exports to Canada—Mexico, D.F., March 11.

SUGAR—Mexico is urgently seeking markets for its excess sugar production, which will amount to 200 thousand metric tons this year and will approach 300 thousand tons a year by 1957. Exports under the London Convention were reduced to under 60,000 tons for this year, and sales last year to the United States amounted to only 11,458 tons, or ·14 per cent of U.S. consumption and 1 per cent of Mexican production. The National Bank of Foreign

Trade, a government agency, indicated that the U.S. would be asked to buy at least 165 thousand tons of Mexican sugar this year—Mexico, D.F., March 15.

Norway

HERRING—The 1955 season for the large herring fisheries ended on February 14th, when a total of 7·9 million hectolitres (734,700 metric tons) of large herring had been brought ashore. The first-hand value of this catch is estimated at Norwegian kroner 157 million. This is the second largest catch in the history of Norway's large herring fisheries; the record of 9·6 million hectolitres (892,800 metric tons) was made in the 1954 season. Of the quantity caught this year, 75 per cent went to the herring oil and meal factories and most of the remainder is being salted. Small quantities have been sold fresh or have been used by the canning factories—Oslo, March 4.

South Africa

GOLD—South African gold production rose in 1954 as new mines came into operation and the labour supply improved. Output of £164·5 million was £17 million higher than 1953 and set a new record —Cape Town, March 8.

United Kingdom

OFFICE MACHINERY—Production of non-electronic accounting and similar machinery in the United Kingdom has increased more than 25 times since prewar days, and from figures relating to the first ten months of last year it is believed that 1954 saw record sales in the domestic market. Deliveries of office machinery in the period January to October 1954 amounted to £13,771,000; exports in the same period reached £3,348,000. For the full year 1953, comparable figures were £15,392,000 and £3,585,000. Imports of office machinery, which were heavy before the war, have been declining rapidly —from £1,503,000 in 1948 to £821,000 in 1954. Much of the postwar expansion resulted from the establishment in the U.K. of subsidiaries of American office machinery manufacturers—London, March 21.

United States

ZINC—Highlights of the domestic zinc industry in 1954, according to a Bureau of Mines report, were continued over-supply, decreased mine production and lower imports. Mine output in 1954, including zinc recovered from ore in pigments and salts, totalled 465 thousand tons, a reduction of 15 per cent from the 1953 production of 547 thousand tons. As in the case of lead, the lower production was an outgrowth of curtailments started in 1952 and 1953 because of lower prices.

Total supply of zinc in 1954 was estimated at 1,018,000 tons and consumption at 901 thousand tons. Imports of zinc in ores and concentrates (metal content) at 445 thousand tons, were 13 per cent smaller than in 1953. Canada supplied 32 per cent of the imported ores and concentrates in 1954. Imports of slab zinc last year reached 150 thousand tons, a decrease of 36 per cent from the 1953 total. Canada supplied 68 per cent of these imports—Washington, March 23.

MOTOR VEHICLES—Sales of motor vehicles in January were the highest for that month in the history of the automotive industry in the United States. Car, truck and bus sales reached 726,108, approximately 100 thousand units more than the 606,833 in January 1951, the previous record. January sales were nearly 175 thousand units above those for January 1954. Of the total sales, passenger cars made up 636,242, and truck and motor coach sales 89,666.

Exports in January totalled 40,240, or 5·5 per cent of total sales, as against 32,067 (or 5·9 per cent) in January 1954. Exports in 1954 represented 6·1 per cent of overall sales—Detroit, March 22.

West Germany

AUTOMOBILES—Total German automobile production during 1954 surged to 670 thousand units, including 510 thousand passenger cars, 45,000 station wagons and 115 thousand vans, trucks and buses. This is an increase of 36 per cent over 1953 when the total reached 490,581 units, 370 thousand of which were passenger cars. The value of 1954 production is estimated to be DM4 billion, compared with DM3·15 billion the year before. Exports amounted to 290 thousand units, compared with 178 thousand in 1953, a sharp increase of 63 per cent. Thus about 43 per cent of total German automobile production will be exported during 1954 as against only 36 per cent in 1953—Bonn, March 19.

STEEL—Estimates place Germany's crude steel production during 1954 at 17·4 million tons. This is about 13 per cent above the 1953 production of 15·4 million and considerably exceeds the 1952 record production of 15·8 million tons and approaches the prewar output of 17·9 million tons (area of the Federal Republic). Pig iron production will increase by 8 per cent, from 11·6 million tons in 1953 to 12·5 million tons in 1954; the 1952 production was 12·8 million tons. Production of rolling steel will reach 11·3 million tons, compared with 10·2 million in 1953 and 10·7 million in 1952—Bonn, March 19.

West Germany Imports Steel Scrap

Sharp rise in demand for steel in West Germany has made it necessary to import steel scrap, including some from North America. Situation has created some problems.

IAN MACDONALD, *Assistant Commercial Secretary, Bonn.*

WEST GERMANY'S newest business upsurge, which has been described as a second Korean boom, has led to a very sharp recovery in the demand for steel, and record raw steel production has led in turn to exceptional pressure for supplies of steel scrap. Stockpiling by consumers and speculators anticipating rearmament demand has contributed further to the tightness in supply. The result has been a complete reversal of West Germany's position from an exporter to a heavy importer of steel scrap. The recent imports bringing relief have included shipments from the United States and Canada. In addition to the rising imports of scrap for Germany's steel industry, purchases of pig iron and steel from foreign sources, including even the Soviet Union and such distant suppliers as Japan and Australia, have turned sharply upward.

Imports Become Necessary

Stocks of steel scrap on hand at iron and steel mills began to fall gradually at the end of 1953, partially as a result of German exports of this commodity. During the first half of 1954 West Germany exported 460 thousand tons while at the same time the domestic market was relatively well supplied. However, in the second quarter of 1954 the predicted rate of domestic consumption was considerably exceeded and steel works demanded an additional 200 thousand tons of scrap. On August 1st domestic prices rose officially from DM120– (base Essen) to DM138.– per ton. Shortly thereafter market values topped even these higher prices and recently the official price has been raised again to DM158.– per ton. A spokesman for one prominent steel firm has estimated that these higher prices for scrap have raised costs by about DM32.– per ton.

Imports of scrap into West Germany during December reached 154 thousand tons, bringing the 1954 total to approximately 650 thousand tons. January imports were reported to be 125 thousand tons. It appears that the high level of imports will continue. Contracts for delivery from foreign sources into the European Coal and Steel Community during the first quarter of 1955 total 500 thousand tons.

Further recourse to plant inventories offers little prospect of relief at the present time. Scrap stocks of the steel industry, which represented a coverage of 27½ working days at the end of 1953, decreased to a minimum level of 13·3 days in July and have remained low. Supplies obtained from within the European Coal and Steel Community have been falling as a result of brisk steel production in the other member countries and imports of ECSC origin fell to only 29 million tons in November and to 38,000 tons in December. Thus imports from "third countries" appear to be the

A coke train puffing smoke into the winter air winds its way along past the blast furnaces at a great German steel plant. Increasing supplies of steel scrap are needed to keep these furnaces coping with the growing demand for steel.

only alternative. These imports grew from 21,000 tons in September to 90,000 tons in October and 114 thousand in November. These quantities were part of a total of 310 thousand tons allocated to West German mills by the Brussels office of the High Authority.

The "equalization price" for the first 250 thousand tons to be imported by the European Coal and Steel Community has been established by the Brussels International Scrap Committee of ECSC at $28.00 and for further shipments at $30.00 per ton, c.i.f. European port. The cost in excess of $30.00 is to be met from the equalization account in which all countries of the European Coal and Steel Community participate. Recently, however, actual market prices for U.S. scrap landed at Antwerp and Rotterdam are said to be in the neighbourhood of $50.00 and more. Of the 800 thousand tons contracted for late in 1954, an estimated 600 thousand will be of North American origin and the remainder from the Near East, Australia, South Korea, India, and South Africa.

Association Suggests Measures

To alleviate the tensions existing in the scrap market, the Association of German Scrap Industry has suggested that the following remedial measures be adopted:

- The establishment of a committee of experts which would consist of members from each country of the European Coal and Steel Community.
- The maintenance of scrap prices at a level which bears a fair relation to prices for ingot steel and which guarantees that all sources within the ECSC are exhausted.
- Assumption of obligations by the consumers of the ECSC to take up all domestic scrap regardless of type, with scrap provision by consumers for at least three months of normal demand.
- Long-term purchases and a stable price policy over such periods.
- Direction of scrap imports in such a manner as to make possible the most economical geographical distribution of supplies.

The increase of scrap imports from North America has already had some effect on prices in the American market, where they have risen from $26 to $38-$39 per ton at the present time. Furthermore, freight rates to European ports have increased substantially from approximately $7.00 per ton to from $12.00 to $13.25 per ton and the Conference rate on scrap iron will be raised again 15 per cent effective April 1. Thus it appears that import prices will exceed domestic prices, in which situation excess prices will be charged to the ECSC as a whole.

Imports and exports of steel scrap for the first eleven months of 1954 appear below:

West German Import and Export of Ferrous Scrap*

(in 1,000 metric tons)

1953	*Total Imports*	*Imports from Canada‡*	*Imports from ECSC*	*Total Exports*	*Exports to ECSC*
(Monthly average)	15	1-2	8	52	43
1954					
January	5	......	4	73	57
February	1	......	1	55	33
March	13	......	11	74	43
April	14	......	12	80	61
May	10	......	8	87	55
June	11	......	10	76	48
July	29	2	18	57	49
August	40	......	30	48	45
September	91	11	69	37	36
October	102†	18	50†	59†	59†
November	155†	42	39†	41†	40†
December	154	7	38†	21†	18†

* Source: Der Schrottbetrieb-Zeitschrift fuer die Deutsche Schrottwirtschaft, No. 11, 1954.
† Source: Der Aussenhandel der Bundesrepublik, Teil II, Statistisches Bundesamt, Wiesbaden.
‡ Source: DBS—Preliminary export statistics.

The expectation of the Association of Scrap Dealers is that the market situation will remain relatively stable over the coming months, with a continuing high level of imports guaranteed by existing contracts.

Israel's Fishing Industry

Israelis consume an average of 22,000 tons of fish a year, of which about two-thirds is imported. The bulk of the imports are frozen and salted fish and fillets obtained from Northeast Europe under bilateral exchange clearing agreements. Local production from pond, lake and sea increased by 16 per cent to 8,605 tons during the year ending September 1954 as a result of new equipment, better techniques and research. A further expansion in sea-fishing—surface, net and deep-sea—is envisaged in the near future, following the acquisition during 1954 of a number of trawlers from the United Kingdom and Western Germany. Eighteen more ships have recently been ordered from Germany, all to be financed from Jewish war reparation funds made available to Israel by Western Germany.

Although it is a large fish importer, Israel is conscious of export possibilities and recently shipped a first consignment of 2,000 tons of stuffed carp to the United States. Plans are under way to expand this trade. Carp is the main pond species in Israel and production is expected to reach 6,000 tons this year, compared with last year's total catch of 4,300 tons.

Finding Funds *for new industries*

Many of the new small industries, making new types of products, which have sprung up in the New England states are financed by Development Credit Corporations. Here is information about how these corporations function and the needs they fill.

D. H. CHENEY, *Consul and Trade Commissioner, Boston.*

NEW ENGLAND constitutes one of the oldest industrialized regions in North America and one that long ago reached economic maturity. Yet this area today is the scene of continuing industrial growth financed largely from its own resources.

In recent years the modernization of established industries such as textiles and shoes has made great strides. But more remarkable has been the tremendous expansion—for the most part from sources within the area itself—of new industries, both large and small. These include electronics, plastics, metal fabricating and nucleonics.

New England's shrewd bankers and business leaders were quick to realize that there was a gap in the prevailing financial system. Many small businesses whose growth could together strengthen and diversify the economy were not getting the financial assistance available to their bigger brothers. Studies pointed to an unsatisfied need for medium and long-term credit and equity capital among these small but growing concerns. High corporate taxes and comparatively low, rigid depreciation allowances made it difficult for them to accumulate capital from earnings quickly enough to finance expansion. At the same time, progressive personal income taxes reduced available savings for investment in these small businesses and made such risky investments less attractive to the wealthy. The large financial institutions with plenty of funds were forced by legal limitations to confine their loans and investments to safer fields.

Obtaining the Funds

Businessmen decided that the need could be satisfied without waiting for government assistance. Accordingly, they pioneered the formation of Development Credit Corporations which are now serving small business effectively in five of the six New England states. The sixth corporation is in the process of formation.

These organizations usually have three sources of funds—equity capital from stockholders, loans from member financial institutions, and loans from non-members. Each corporation sells stock to protect it against losses on investments and to provide initial operating capital. The stock may be purchased either by firms or individuals. Stockholders can make a profit on their investments but profits are not the primary objective. In early years, they go mainly toward building up reserves.

Bulk of the funds available to the corporations come from member financial institutions; none of them has yet borrowed from a non-member financial organization. Institutions which become members guarantee to provide loans to the Development Corporations up to a certain fixed sum, as called upon. Loans by the corporations are limited to projects for which it is not possible to obtain financing from one of the conventional sources. By the middle of 1954 the five Development Credit Corporations had total potential revenues of \$15 million pledged by 276 members. From this, loans of \$2½ million had been made.

This type of operation has certain undoubted advantages when applied to industrial development. The moderate contributions from members, when they are pooled, become a substantial sum. Because the corporations are closely akin to public organizations, they can borrow at relatively low interest rates. Their directors and members serve without charge and provide experienced financial administration; all this cuts operating expenses and ensures skilled direction. Because operations cover the state, a wide diversification of risks is possible.

The Development Credit Corporations help too by pointing out to borrowers those risks which member institutions may or may not be able to accommodate. As enterprises grow and develop with the aid of the corporations, they eventually become eligible for loans from established financial institutions. The corporations also do valuable work in stimulating local enthusiasm and support for industrial development programs.

Member Organizations

In all five Development Credit Corporations, bankers comprise about 30 per cent of the sponsors, followed by manufacturers. The remainder is made up of lawyers 9 per cent, merchants 7 per cent, utility executives 3·5 per cent, and insurance companies 2 per cent. In some cases, stockbrokers, industrial realtors and farmers have also become stockholders.

The New England Development Credit Corporations were all chartered under special legislation rather than under customary incorporation laws of the various states. This permits financial institutions to purchase stock which, because of legal limitations, they could not do under ordinary circumstances. All charters are similar and were patterned after that of the Maine Development Credit Corporation, set up in 1949. Authorized capital stock of the corporations varies from $100 thousand in New Hampshire to $4 million in Massachusetts. The number of stockholders is relatively small and no particular effort has yet been made to sell stock to the general public.

Of the member organizations who form the source of loan funds 192 (or 70 per cent) are commercial banks and trust companies. Savings banks are the next largest group of members, 62 in all. Fifteen insurance companies, four co-operative banks and three building and loan associations make up the remainder. Commercial banks have pledged three-fifths of the funds available, insurance companies have pledged a quarter, and savings banks 14 per cent. Most of the corporations call for funds from their members only after loans have been approved. Because the funds are of the revolving type, total loans exceed the amounts actually called.

How Funds Used

Up to mid-1954 the five Development Credit Corporations had seriously investigated 265 applications involving $13·8 million. Of these, 69, totalling $3·5 million, were granted loans, 29 were accommodated by other financial institutions and 160 were refused. The remainder were still in process. The fabricated metals industry has applied for the largest amount of assistance, followed by paper and paper products, textiles, electrical machinery, non-electrical machinery and leather industries. Naturally all applicants are thoroughly investigated and are required to present detailed financial and business records.

Corporations may lend to any existing or projected business within the state. However, all loans thus far have been made to manufacturing or processing firms and two corporations have adopted policies against lending to wholesale, retail or service operations. Only two have set definite limits on the size of a loan.

Eight out of ten loans made by the corporations have been for less than $50 thousand. Approximately 45 per cent were granted to provide working capital, of which a large proportion were on a long-term basis. More than 42 per cent were used to finance the construction of plant or purchase of machinery and equipment. The remainder were for refinancing. Approximately 80 per cent of the loans and 93 per cent of their value carried five-year maturities or longer, but few were for more than ten years. All loans specify periodic repayment, usually in monthly instalments, though some are payable at longer intervals. All corporations charge interest at 6 per cent on their loans; none has been made on a discount basis.

Firms already in business within the New England area have received half of the loans made. One-third have gone to new firms, and 11 per cent to firms who moved into the area from elsewhere.

Thanks chiefly to the corporations, many entirely new products are now being manufactured in New England, such as precision instruments, plastics, machinery, fiberglas products and sporting goods.

All the corporations intend to sell more stock in order to broaden their equity capital base and provide greater latitude for loans. They are also anxious to increase the number of member institutions. Experience thus far has proved that they are providing a worthwhile service and have met a substantial, unfilled need for medium and long-term funds.

Trade Commissioners on Tour

G. A. NEWMAN, Consul General and Trade Commissioner in New Orleans, begins the first part of his Canadian tour in Saint John from April 22 to 25, and then visits Halifax from April 26 to 29. Businessmen in these two cities may get in touch with Mr. Newman through the Board of Trade.

Tours of Territory

D. S. ARMSTRONG, Trade Commissioner in Singapore, will visit Bangkok and Rangoon from May 6th to 17th.

A. W. EVANS, Trade Commissioner in Cape Town, South Africa, plans to visit East London on April 25th and 26th and Port Elizabeth from April 27th to 29th.

W. GIBSON-SMITH, Commercial Secretary in Montevideo, Uruguay, will visit Asuncion, the capital of Paraguay, in May.

Businessmen who would like these officers to undertake commissions for them in these cities should write to them at their posts as soon as possible.

General notes

Argentina

ABRASIVE WHEEL FACTORY—The President of the Carborundum Company of Niagara Falls has announced plans to establish a factory in Campana, Province of Buenos Aires, to produce emery wheels. Annual production will be 600 metric tons of wheels, which will supply 70 per cent of Argentine demand—Buenos Aires, March 7.

Australia —Page 535 (D-2-Rand McNally) 120 57 by 121

South of Purdoo + Port Hedland road

TIN MINING DEVELOPMENT—A £2 million development scheme for Shaw River tin deposits, near Marble Bar in Western Australia, will be undertaken soon. (Page 224) Development plans include working two plants, one at each end of the field which extends about 26 miles along the eastern side of the Shaw River. The field would employ between 60 to 80 men and a township would be built. The field is believed to be capable of becoming one of the biggest producers of tin in the Commonwealth, with an output of 400 to 600 tons of tin oxide a year—Melbourne, March 8.

Brazil

FIBREBOARD FACTORY OPENED—The Fabrica Duratex S.A. plant has opened and is producing a fiberboard of the masonite type. The plant uses eucalyptus trees which are abundant in the area of Jundiai near the city of São Paulo. This is a good-sized industry based on the investment of 100 million cruzeiros—São Paulo, March 17.

LOAN TO CHEMICAL FIRM—The Export-Import Bank has given a US$1·5 million loan to a São Paulo insecticide and chemical plant being installed by the W. R. Grace Co. of New York in partnership with the American Home Products Corporation. The projected plant, according to an EXIM Bank statement, will augment Brazil's production of insecticides substantially; it is scheduled to be in full operation by 1957. In addition to insecticides, the plant's output will consist of industrial solvents, detergents, caustic soda, chlorine and other chemical products. The loan is for a period of seven years with interest rate of 5½ per cent annually—São Paulo, March 17.

Central America

MANILA FIBRE EXPERIMENTS SUSPENDED—One of the leading newspapers in Costa Rica has published what is claimed to be a confirmation that the United States agency in charge of the manila fibre (abaca) experiments and production in Central America will reduce work to a minimum before suspending all operations in these plantations. This news is regarded as serious in government circles and government proposals to continue are eagerly awaited by the field workers and all those affected by this decision—Guatemala, March 8.

Cuba

OIL INVESTMENT—Canadian petroleum interests have announced plans to invest $500 thousand in development of their oil properties in the Echeverria field in Jatibonico, Province of Camaguey. Recently, well No. 3 of this field went into production. Company heads have stated that they have signed an agreement with a Dallas drilling firm to open 20 wells. The Canadian company's Cuban affiliate holds oil-drilling rights over an area of 7,500 acres of Cuban land—Havana, March 16.

Federation of Rhodesia and Nyasaland

GRAIN ELEVATOR—The largest grain elevator installation in Africa is nearing completion outside Salisbury. Costing more than £500 thousand, the installation is expected to be ready about the middle of this year in time for the next grain harvest. It has a capacity of 50,000 tons of grain and consists of a nine-storey plant building and 36 elevators built in four rows of nine to provide 60 separate bins for the storage of grain—Cape Town, March 9.

Mexico

CREDITS FROM WORLD BANK—Credits of $90 million are expected to be issued by the World Bank for electrification, port works and fertilizer plants in Mexico. The Government hopes to be able to spend $40 million on electrification, up to $30 million on improving port works, coastal and overseas maritime transportation and the fishing industry, and $20 million on new fertilizer plants—Mexico, D.F., March 10.

Mozambique

NEW INDUSTRY—Hardwood lumbering operations are expanding rapidly along the Beira-Rhodesian railway line in central Mozambique. Although most of the wood cut is used by the Railway and Harbours Administration and nearby mines, increasing quantities of ebony, sandalwood, mbua, pangapanga, tule, teak and moko are being exported. Local businessmen have erected a new sawmill at Manga, seven miles from Beira, to handle the increasing flow of logs from nearby timber concessions. The mill is reputed to be completely up-to-date and should help expand the sale of Mozambique lumber in world markets—Johannesburg, March 8.

Spain

PETROLEUM SOUNDINGS—The Spanish press has recently given prominence to petroleum soundings that are being carried out in various parts of Spain—in the province of Burgos under government direction, using machinery from the United States, and in the province of Navarra by a German firm under the general direction of "Ceipsa", a Spanish firm. No information concerning the finding of oil in either of these areas has yet been given—Madrid, March 11.

Turkey

COTTON MILL—A new \$2·4 million cotton mill to produce finished cottons in suit and dress weights is being built in Istanbul by an American firm under the foreign capital investment law. Turkey's ample stocks of locally-produced raw cotton will be used by the new factory—Athens, March 8.

United Kingdom

FOREIGN TRADE—As a result of a greater decline in imports than in exports, the United Kingdom adverse trade balance in February at £67·5 million was almost £6 million less than in January. Total exports were £242 million, while imports were £309·5 million. Exports to North America in February totalled £21·8 million, £1 million lower than in January. The average for the first two months of 1955 was, however, slightly higher than in the same period of 1954. Exports to Canada improved in February to £9·6 million to give a two months' average of £9·3 million, compared with £10·2 million in January and February 1954—London, March 21.

GOLD AND DOLLAR RESERVES—On February 28th, the sterling area's gold and dollar reserves stood at \$2,681 million, a drop of \$82 million from the end of January. Since the bank rate was not raised to 4½ per cent until February 24th, its effect on the position can only have been slight. Defence aid from the United States during February amounted to \$15 million, and \$6 million in gold and dollars was received from the European Payments Union in respect of the January settlement; \$2 million was paid to the creditors of the Union in bilateral settlements. For February the United Kingdom had a surplus of \$2 million with the European Payments Union, compared with £4 million in January—London, March 21.

United States

RESTAURANT BUYING PRACTICES—A change in the buying practices of hotel and restaurant operators has been apparent for some time. Instead of purchasing by the pound many are buying more and more of their food in individual customer portions. The principal advantage claimed for portion buying is the greater control it permits, such as reduction of waste, trimming of costs, more accurate pricing, uniformity of servings and catering to the whims of the customer. All operators do not agree on its usefulness but most think it offers advantages, particularly to the small hotels and restaurants. Cheese and meats packed in individual servings have been available for some time, but in the last few years portion control has become much more prominent and is spreading to products such as soups, jams, syrups, hot drinks and cake mixes—New York, March 22.

RETAIL OUTLOOK—Following a survey of selected member stores, the National Retail Dry Goods Association reported that most stores expect that retail sales in the first half of 1955 will equal or surpass those in the same period last year. Specialty store operators are more optimistic about profits prospects than department store executives are. The majority of the former are planning for inventories equal to or larger than 1954, with soft goods in greater demand than hard goods. The principal problems foreseen are rising costs and stiffer competition—New York, March 25.

Venezuela

CANADIAN CATTLE WIN PRIZES—Canadian Holsteins have taken some of the top honors at the annual livestock show in Maracay, Venezuela. A Canadian-bred cow won first prize among Holsteins and also an award as the best dairy-type animal of any breed shown. Canadian Holsteins are also reported to have placed first and second in milk production recorded at the show. These results are unofficial until confirmed by a Venezuelan Department of Agriculture release—Caracas, March 15.

The General Agreement on Tariffs and Trade

The text of the Communiqué on the review of the General Agreement, prepared by the GATT Secretariat and released on March 21, 1955, in Ottawa and Geneva, follows. The Communiqué covers the review of the General Agreement on Tariffs and Trade recently completed by the Contracting Parties.

ON MARCH 7, 1955, the Contracting Parties to the General Agreement on Tariffs and Trade completed a comprehensive review of the Agreement in the light of seven years' experience. They have reaffirmed the basic objectives of the Agreement, they have adapted the provisions of the Agreement to meet the changed conditions and they have elaborated the objectives and the structure of an Organization to administer the Agreement.

The changes that have been worked out will now be submitted to governments for acceptance; in the meantime, the existing unamended Agreement remains in force. The summary of the changes set out below indicates therefore, except where otherwise indicated, the main lines of agreed proposals, which will come into effect when they have been accepted.

Summary of Main Results

The major results of the review of the Agreement may be indicated as follows:

Reaffirmation of the basic objectives and obligations including the principle of non-discrimination in trade and the general prohibition (with specified exceptions) to the use of quantitative restrictions on imports, which have guided the Contracting Parties in their commercial relations since 1948, subject to any requirements of existing mandatory legislation.

The drawing up of a renewed undertaking to prolong the firm validity of the tariffs bound under the Agreement.

The provision, in a special article, of suitable procedures for dealing with the problems of countries in early stages of development.

Provision for the establishment of a permanent Organization, to be known as the Organization for Trade Co-operation. When it is established the Organization will administer the Agreement and will supersede the present informal operational structure.

The introduction of new provisions relating to export subsidies.

By providing for the assured life of negotiated rates of duty the General Agreement has given stability to tariff levels for a large proportion of world trade. It was agreed to recommend to the governments of Contracting Parties the continuance of this stability by prolonging from July 1, 1955, to December 31, 1957, the assured life of the tariff schedules, and a declaration to this effect has been drawn up and opened for signature.

A new principle has been introduced into the revision of the Agreement which would permit the automatic extension of the assured life of the tariff schedules in the future, by periods of three years, with provisions to enable Contracting Parties to seek authority to renegotiate during the bound period bound rates of duty if they find they must modify or withdraw some of them.

A new article dealing with tariff negotiations sponsored by the Contracting Parties has been included in the proposed amendments to the Agreement. The article imposes no new obligations on Contracting Parties. Each party retains the right to decide whether or not to engage in negotiations or to participate in a tariff conference. The purpose of the articles is to recognize the value of tariff negotiations directed to "the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular the reduction of such high tariffs as discourage the importation even of minimum quantities". The article states the principle that, in tariff negotiations, the binding against increase of low duties or duty-free treatment shall be recognized as a concession equivalent in value to the reduction of high duties.

The Contracting Parties have also set up a special working party to study generally the possibilities for and methods of future tariff reduction and to recommend the convening of a tariff conference when it is felt that progress in that field is possible.

Quantitative Restrictions

No change has been proposed in the basic principle of the Agreement that contracting parties which maintain

quantitative restrictions for balance of payments reasons have to eliminate them as soon as they can no longer be justified for balance of payments reasons. But in order to make this principle more effective in practice, and particularly in order to adapt it to a period when the major currencies may become convertible, it is proposed that, soon after entry into force of the amendments, the Organization will review all quantitative restrictions still maintained for balance of payments reasons. Thereafter a system of annual consultations with Contracting Parties still applying restrictions of this type would come into effect and these countries would be required to justify each year the restrictions still being maintained.

In association with the proposed system of tighter control on the use of quantitative restrictions for balance of payments reasons, the Contracting Parties have taken a decision, with immediate effect, to assist in resolving the problems faced by Contracting Parties in eliminating the so-called "hard-core" of their import restrictions. These are restrictions whose sudden removal, when no longer justified for balance of payments reasons, would result in a serious injury to a domestic industry or branch of agriculture to which they have afforded protection. The decision grants a temporary waiver from the obligation to eliminate quantitative restrictions in such circumstances subject to the concurrence of the Contracting Parties in each case. The Contracting Parties may impose such conditions and limitations as they determine to be reasonable and necessary and the obligation is laid on the applicant to eliminate the quantitative restrictions in question over a comparatively short period of time not exceeding five years. The application of these "hard-core" restrictions and the progress made towards eliminating them will be reviewed by the Contracting Parties annually.

In connection with the review of quantitative restrictions, the Contracting Parties, by a separate decision, dealt with the conflict which may occasionally arise between action required under U.S. legislation and the provisions of the Agreement dealing with quantitative restrictions and additional charges on imports. The Contracting Parties adopted a decision, effective forthwith, which recognizes the difficulties arising from the terms of Section 22 of the United States Agricultural Adjustment Act, permits the United States to apply measures under this legislation, but at the same time preserves the right of a Contracting Party whose trade is damaged by import restrictions or additional charges imposed under that Act to have recourse to the procedures of the Agreement for adjusting the balance through negotiation. The Contracting Parties will review annually action taken by the United States under this legislation, and the U.S. Government has given assurances that before taking any new action it will consult with substantially interested countries and will terminate any restriction imposed under the legislation as soon as it is no longer required.

Assistance for Economic Development

The need to encourage and facilitate the development of the economies of countries which can only support low standards of living and are in the early stages of development is consistent with the long-term objectives of the General Agreement, and steps have been taken in the revision to reduce to a minimum the conflict which may arise between the requirements of economic development and the short-term commercial interests of the other countries. Under the new provisions it has been recognized that Contracting Parties in the early stages of development should enjoy additional facilities to enable them: (*a*) to maintain sufficient flexibility in their tariff structure to be able to grant the tariff protection required for the establishment of particular industries, and (*b*) to apply quantitative restrictions on imports, to protect their balance of payments in a manner which takes full account of the continued high level of demand for imports likely to be generated by their programs of economic development.

Procedures have been worked out by which a country in an early stage of development may enter into tariff negotiations with a view to modifying a concession that is bound under the Agreement, in order to promote the establishment of an industry. If agreement is not reached between the country concerned and other interested countries the matter may be referred to the Contracting Parties. The Contracting Parties may allow the applicant Contracting Party to modify or withdraw concessions if they find that the compensation offered is inadequate.

In addition, procedures are established under which, in cases where no measure of commercial policy consistent with the General Agreement, such as tariffs or subsidies, would be practicable to protect a new industry in a country in the early stages of development during the first years of production, that country would be able to apply non-discriminatory restrictions on imports for such a transitional period.

The most significant change from the existing provisions of the Agreement would be that which would enable the country concerned to restrict, without the prior approval of the Contracting Parties, the importation of a commodity when the rate of duty on that commodity is not bound under the Agreement. In such a case, however, any other Contracting Party which is injured may withdraw substantially equivalent concessions granted under the Agreement.

In connection with these proposals for assistance for economic development and in view of the special

responsibilities of the United Kingdom towards its colonies, the Contracting Parties, by a separate decision, extended to the United Kingdom the right, effective immediately, to give special assistance to its colonial territories which depend largely on the U.K. market, through actions which would otherwise have been inconsistent with the provisions of the Agreement. These rights will apply only in cases where the industry or branch of agriculture of the colonial territory would be benefited, but not industry or agriculture in the United Kingdom or any other country. The United Kingdom will report annually to the Contracting Parties on any such measures adopted.

In the course of their consideration of problems in the field of economic development the Contracting Parties also adopted a Resolution recognizing that an increased flow of capital into countries in need of investment from abroad and, in particular, into underdeveloped countries would facilitate the objectives of the General Agreement by stimulating economic development of these countries whilst at the same time rendering it less necessary for them to resort to import restrictions. They recommended that Contracting Parties who are in a position to provide capital for international investment and Contracting Parties who desire to obtain such capital should use their best endeavours to create conditions calculated to stimulate the international flow of capital, having regard in particular to the importance of providing by appropriate methods for security for existing and future investment, the avoidance of double taxation, and facilities for the transfer of earnings upon foreign investments.

Subsidies

Provisions, additional to those already in the Agreement, are proposed in order to limit the harmful effect of export subsidies. In the field of primary products Contracting Parties would be under an obligation not to use subsidies which increase exports so as to obtain for themselves more than a fair share of world trade. In the field of non-primary products no new or increased export subsidies would be permitted. The Contracting Parties agreed that there should be a re-examination to determine before the end of January 1957 whether existing export subsidies on non-primary commodities can be abolished or whether the maintenance of the standstill should be extended for a further period.

In connection with the consideration of export subsidies the Contracting Parties formulated additional provisions concerning the use of anti-dumping and countervailing measures by importing countries.

Problems of Commodity Trade

The Contracting Parties adopted a resolution providing that if a Contracting Party decides to liquidate any agricultural surpluses it should do so in such a way as to avoid unduly provoking disturbances on the world market that would adversely affect other member countries. They recommend "that when arranging the disposal of surplus agricultural products in world trade, Contracting Parties should undertake a procedure of consultation with the principal suppliers of those products and other interested Contracting Parties, which would contribute to the orderly liquidation of such surpluses including, where practicable, disposals designed to expand consumption of the products, and to the avoidance of prejudice to the interests of other Contracting Parties, and that they give sympathetic consideration to the views expressed by other Contracting Parties in the course of such consultations".

The Contracting Parties also recommended that, whenever practicable, any Contracting Party intending to liquidate a substantial quantity of strategic stocks of primary commodities should give advance notice and should consult fully with any Contracting Party which considers itself substantially interested and requests such consultations.

The amended Agreement would also include a new provision that would enable a Contracting Party whose economy depends on the export of a small number of primary commodities to consult with the Organization on measures taken by another country which seriously affect that Contracting Party's exports of the commodities in question.

During the course of the Review the Contracting Parties established a working party to consider a proposal for a convention which might govern international action on problems arising in the field of international trade in primary commodities. The working party, acting in the capacity of an expert group, concluded that it could not put its recommendations into final form until the interested governments had studied its preliminary views. It was decided therefore that the working party will meet again in the summer of 1955 after receiving the views of governments.

The Organization for Trade Co-operation

The Contracting Parties have drawn up an Agreement which, when it comes into force, will establish the Organization for Trade Co-operation. The Agreement contains the basic provisions relating to the structure and functions of the Organization. There would be an Assembly, an Executive Committee and a secretariat headed by a Director General.

The main function of the Organization would be to administer the General Agreement. In addition, the Organization would be able to sponsor international trade negotiations and to serve as an intergovernmental forum for the discussion and solution of other questions relating to international trade.

The Agreement will enter into force, among the governments that have accepted it, after it has been accepted by governments whose territories account for 85 per cent of the total external trade of the territories of the governments which comprise the Contracting Parties.

Legal Status

Most of the proposed amendments to the text of the Agreement have been embodied in protocols which are now open for acceptance, a distinction being made between amendments which require unanimous approval under the terms of the existing Agreement and those which can enter into force with a two-thirds majority.

In addition the following instruments have been opened for signature:

The Agreement on the Organization for Trade Co-operation, which requires—as stated above—acceptance by Contracting Parties accounting for a high percentage of world trade.

A Declaration extending the assured life of the tariff schedules from July 1, 1955, to December 31, 1957.

A Protocol of Organizational Amendments which amends the existing General Agreement to take account of the functions of the Organization, when it comes into existence.

Indonesia's Parallel Trade Transactions

System of parallel trade transactions, introduced last October, was recently modified by government decree. Change was made to encourage exports of certain products for which demand was weak.

W. D. WALLACE, *Commercial Secretary, Djakarta.*

IN AN EFFORT to strengthen Indonesian export trade, in October 1954 the Government introduced a system of parallel trade transactions. An official decree established rules for parallel trade with three groups of countries:

• *Poland, Czechoslovakia, Yugoslavia, Hungary and East Germany*—Parallel transactions are permitted on the basis of relevant trade agreements with these countries and in approved goods enumerated in them. Only Indonesian importers and exporters are allowed to carry on such transactions.

• *Roumania, China Mainland, and Japan*—Parallel transactions are permitted in import goods designated by the Central Import Bureau and in export goods according to the policy laid down by the Central Export Bureau. These transactions must conform to further Indonesian rulings on the kinds and quantities of goods to be imported and exported, based on trade and monetary factors. Only national importers and exporters are allowed to engage in such transactions.

• *Other countries, including Canada*—Parallel transactions are allowed on import goods enumerated in lists announced by the Central Import Bureau and in export goods in accordance with the policy of the Central Export Bureau—all in conformity with the Directorate's further rulings on the kinds and quantities of goods to be imported and exported. Both Indonesian and foreign exporters who have sufficiently proved their trading ability and who have received official government recognition may undertake parallel transactions with these countries.

Changes Made

In November 30, 1954, the Central Import Bureau issued a list of 53 items that could be imported on the basis of parallel transactions with other countries. It was found, however, that the parallel trade system was not working to Indonesia's satisfaction and on January 24, 1955, the regulations were amended to ensure that exports on this basis would be limited to "weak" products. In addition, imports under parallel transactions were confined to essential goods which did not lend themselves to speculative operations. These amendments, it was hoped, would help to stabilize both export and import prices.

The regulations also set out that no parallel transactions would be allowed in "strong" export commodities, which included all types of rubber, latex, all kinds of tea, all kinds of tobacco, cocoa beans, copra from the area under jurisdiction of the Copra Fund,

palm oil, palm kernels, nutmegs and mace, all kinds of sugar, tin, all qualities of kapok, and all types of coffee.

Imports Permitted

The following goods may be imported into Indonesia under this scheme:

List A: Import Products

TEXTILES—Cotton manufactures:

- Greys
- Whites
- Dyed
- Printed
- Woven
- Weaving Yarns

Metalwares, including cement, reinforcing and strip iron.

Spare parts for motor vehicles.

Pharmaceuticals.

The Central Import Bureau will determine the amount of goods and the amount of foreign exchange for counter-imports to be allocated to the various importers.

Designated Exports

The "weak" export commodities still open to parallel transactions are designated by the Central Export Bureau. A certain percentage of the f.o.b. sale price is fixed for each product, against which counter-imports will be permitted. The percentage is not to exceed 50 per cent for any product. Furthermore, the Central Import Bureau will determine the goods that may be imported under parallel transactions. Counter-imports under parallel transactions may also be effected from areas other than the countries of destination of the relevant exports.

On February 9th, the Ministry of Economic Affairs issued a list of products which may be exported (percentages fixed at 10, 20 and 30 per cent for counter-imports) for goods which may be imported under the new regulations. The list includes the following:

List B: Export Products

(in per cent)

Spices			
Pepper—black and white	30	Vanilla beans	20
Cassia vera	30	Ginger	20
Areca nuts ("Pinang") all kinds	30	Kemiri nuts	20
Chilli ("lombok") dried and fresh	20	Red onions	20
Long pepper ("tjabe djawa")	30	Cardomom seeds ("kapol")	20
Foodstuffs			
Fruit	20	Maize—white	10
Vegetables	20	Rice-chaff ("dedek")	20
Agar agar	30	Katul—broken rice mingled with chaff	20
Prawn shells ("lebu udang")	30		
Oil and Oilseeds			
Peanut oil	20	Sesame seed	20
Sesame seed oil	20		
Castor oil	20	Kratok beans	20
Desiccated coconut	20	Castor seed	20
		Tapioca—all kinds	10
Expellers (Bungkil) cakes/chips	30	Gaplek	10
Kapok seed and oil	30	"Keladi" (tuberous plants)	10
Animals and Animal Products			
Animals	10	Bones	20
Hides and skins (other than unprepared cattle and buffalo skins)	30	Shells	30
		Tripang (sea cucumbers)	30
		Trassi	20
Other skins	30		
Drugs			
Quinine (tablets, powder and bark)	20	Temulawak (Curcuma Xanthorriza)	20
Kumis kutjing (Orthosiphon Grandiflores)	20	Kemalo	20
		Tuba roots (derres elliptca)	20
Industrial Products		*Rattan*	
Batik—all kinds	10	Rattan—assorted	30
		Rattan—unsorted	20
Mining Products		*Handwork Products*	
Manganese ore	30	Carved work and silver ornaments, etc.	30
Coal-dust	30		
Basket Work/Plaiting		*Tanning and Colouring Matters*	
Pandan hats	30	Gambier—all kinds	30
Bamboo hats	30	Mangrove bark (kulit bakau)	30
Pandan mats	30	Other tanning and colouring matters	30
Rattan mats	30		
Other basket work/plaiting	30		
Gums and Resins		*Fibres*	
Copal	20	Fibres of all kinds	30
Damar a. assorted	30	*Essential Oils*	
Benzoe b. unsorted	20	Essential oils—all kinds	20
Biga	20	*Wood*	
		*Teak—lumber and timber	30

* Teak wood, jungle wood and sawn wood.

It is estimated that in 1954 exports of list B products totalled 570 million rupiahs in value. Taking into consideration the percentages allowed for counter-imports it is estimated that for 1955 approximately 140 million rupiahs worth of goods may be imported under the parallel transactions system.

Index to "Foreign Trade"

An index to the issues of "Foreign Trade" published from July to December 1954 inclusive has been prepared. If you would like a copy write to the Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.

trade and tariff regulations

Egypt

RESTRICTIONS ON DOLLAR IMPORTS REMOVED —The Egyptian Ministry of Finance and Economy has announced that permits will be issued for the import of all kinds of commodities from dollar areas, without being subject to an approved list, on the condition that payment is made from dollars obtained from the Entitlement Account. In other words, Egyptian importers are free to place orders for commodities from the dollar areas but they will be required to pay a premium for their foreign exchange.

Indonesia

IMPORT BAN ON RADIOS—The Central Import Control Office has announced that effective March 7, no licences will be issued for imports of radio receivers, either complete with or separate from their cabinets, excluding gramophone-radios that are bought with an inducement certificate. However, exceptions will be made for requests covering parts of radio receivers meant for assembly plants which are usually forwarded via the Industrial Department —Djakarta, March 8.

Ireland

IMPORT CONTROLS—By four orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts, 1934 and 1937, further quotas and quota periods have been announced as follows:

Brushes, brooms and mops (domestic or household): 18,000 articles, as against a similar quantity for previous twelve months' period.

Brushes (for human use): 20,000 articles; quota unchanged from previous twelve months' period.

Brushes, brooms and mops: 20,000 articles; quota unchanged from previous twelve months' period.

Laminated springs and component parts: £2,000 worth, as against a similar quantity for previous twelve months' period.

In all of the above cases, the quota period extends from April 1, 1955, to March 31, 1956—Dublin, March 18.

Philippines

CERTAIN FOOD IMPORTS DECONTROLLED—The Central Bank of the Philippines announced on March 9, 1955, the complete decontrol of imports of canned fish classified as "essential consumer products". The effect is that canned salmon, canned cuttlefish and canned sardines may now be imported in any quantity by legitimate importers.

Previously the Central Bank announced the decontrol of imports of wheat flour and canned milk.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced on February 25, 1955, that the South African Board of Trade and Industries had received the following representations respecting the tariff:

Increase in duty on:

1. Polyvinyl acetate emulsions, from 10 per cent to 25 per cent ad valorem.
2. (*a*) Lamp bulbs, electric:—

	Minimum rate £ s. d.	Intermediate rate £ s. d.	Maximum rate £ s. d.
(i) Motor and motorcycle headlights, to per 100	2 0 0	2 10 0	5 0 0
(ii) Motor and motorcycle side, tail and dash lights, to per 100	1 0 0	1 5 0	2 10 0
(iii) Flash lights, to per 100	0 10 0	0 12 6	1 5 0

(*b*) Glass fuses, from various rates of duty to 33⅓ ad valorem;

(*c*) Christmas tree baubles (glass) from 5 per cent ad valorem to 33⅓ per cent ad valorem.

Bringing into operation of the suspended duty on:

1. Fibreboard, to the extent of the whole suspended duty.
2. Cycle saddles, to the extent of the whole suspended duty.

The suspended duty, if brought into effect, would be additional to any existing duties.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of doing so is to request their representatives in South Africa to act on their behalf before the Board. Since these matters are normally reviewed soon after the announcements are made, it is advisable to take action as soon as possible.

foreign trade service abroad

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Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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New Zealand Fiji, Western Samoa	L. S. Glass, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	J. L. Mutter, Commercial Counsellor	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	R. K. Thomson, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 5826
Peru Bolivia	H. J. Horne, Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 71150
Philippines	Consul General and Trade Commissioner H. E. Lemieux, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building, Juan Luna Street, MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Madeira	L. M. Cosgrave, Commercial Counsellor	Canadian Legation, Avenida de Praia da Vitoria, 48—1°D., LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room F-3, Union Building, SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 7739
South Africa (Natal, Transvaal) Federation of Rhodesia and Nyasaland, Mozambique, Kenya Tanganyika, Uganda, Zanzibar	K. F. Noble, Canadian Government Trade Commissioner H. E. Campbell, Assistant Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628

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South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	A. W. Evans, Canadian Government Trade Commissioner	Grand Parade Centre Bldg. Adderley Street, CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangier	B. I. Rankin, Commercial Secretary	Canadian Embassy, Edifico España, Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 22-28-10
Sweden Finland	F. W. Fraser, Commercial Counsellor L. A. Campeau, Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
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United Kingdom (South of England, East Anglia, Scotland), British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	R. P. Bower, Commercial Counsellor G. H. Rochester, Commercial Secretary (Timber) D. A. B. Marshall, Commercial Secretary (Agricultural) T. M. Burns, Assistant Commercial Secretary W. G. Pybus, Assistant Commercial Secretary	Office of the High Commissioner for Canada. Canada House, Trafalgar Square, LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England, Wales)	Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	R. G. C. Smith, Commercial Counsellor Dr. W. C. Hopper, Agricultural Counsellor E. H. Maguire, Commercial Secretary	Canadian Embassy, 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States	H. A. Gilbert, Commercial Secretary W. L. Porteous, Assistant Agricultural Secretary		

Territory	Officer	City Address	Mail and Cables, Office Telephone
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United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	D. H. Cheney, Consul and Trade Commissioner	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	R. V. N. Gordon, Consul and Trade Commissioner	Canadian Consulate General, Chicago Daily News Bldg., 400 West Madison Street, CHICAGO 6	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* STate 2-7312
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*United States (City of Los Angeles, Southern California, Arizona)	Consul General	Canadian Consulate General, 510 West Sixth Street, LOS ANGELES 14	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* VAndike 2233
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*United States (Northern California, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	W. Gibson-Smith, Commercial Secretary	Canadian Embassy, Caja Nacional de Ahorro Postal Calle Colonia 1013, 7° Piso, MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	H. L. Brown, Commercial Counsellor F. B. Clark, Assistant Commercial Secretary A. V. Kniewasser, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, CARACAS	*Mail:* Apartado 3306 *Cable:* CANADIAN *Tel.:* 55818
Venezuela Colombia	D. B. Laughton, Acting Agricultural Secretary		

The following nominal quotations may prove useful in checking prices. Canadian trade should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadia dollar have been made at cross rates with sterling or the United States dollar on the date show

Except when buying and selling rates are specified, the mid rates only are quoted. Th selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity trade Information on the rate for any specific commodity may be obtained from the Internationa Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalents multiply by 1·01523.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar Equivalent March 18	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Preferential buying	·1313	7·62	
		Basic buying	·1970	5·08	
		Preferential selling	·1970	5·08	(1
		Basic selling	·1313	7·62	
		Free	·0709	14·10	
Australia	Pound		2·2005	·454	
Austria	Schilling		·03788	26·40	
Belgium-Luxembourg	Franc		·01955	51·15	
Belgium Congo	Franc		·01955	51·15	
Bolivia	Boliviano	Official	·00518	192·90	
British West Indies	Dollar		·5730	1·75	(3)
	Pound		2·7506	·364	(4)
	Dollar	British Honduras	·6876	1·45	
Brazil	Cruzeiro	Effective selling Category I	·01324*	75·55*	tax 10% (2)
		Category V	·00243*	411·52*	*March 1
		Official buying	·05365	18·64	(5)
Burma	Kyat		·2069	4·83	
Ceylon	Rupee		·2063	4·85	
Chile	Peso	Official	·00492	203·04	(1)
Colombia	Peso		·3940	2·54	(6)
Costa Rica	Colon	Official	·1754	5·70	
		Controlled free	·1483	6·74	
Cuba	Peso		·9850	1·015	tax 2% (2)
Czechoslovakia	Koruna		·1368	7·31	
Denmark	Krone		·1426	7·01	
Dominican Republic	Peso		·9850	1·015	
Ecuador	Sucre	Official	·06567	15·23	
		Free	·05694	17·56	
Egypt	Pound	Official	2·8285	·354	(7)
Fiji	Pound		2·4780	·404	
Finland	Markka		·00428	233·48	
France	Franc		·00282	355·11	(8)
French Africa	Franc		·00563	177·56	(9)
French Pacific	Franc		·01549	64·56	(10)
Germany	D Mark		·2342	4·27	
Greece	Drachma		·03283	30·46	
Guatemala	Quetzal		·9850	1·015	
Haiti	Gourde		·1970	5·08	
Honduras	Lempira		·4925	2·03	
Hong Kong	Dollar	Free	·1673	5·98	*March 4
Iceland	Krona	Official	·06049	16·53	
		Special buying	·04768	20·97	
		Special selling	·03767	26·55	(11)
India	Rupee		·2063	4·85	
Indonesia	Rupiah	Basic	·08640	11·57	(12)
Iran	Rial	Certificate	·01300	76·92	
Iraq	Dinar		2·7580	·363	
Ireland	Pound		2·7506	·364	
Israel	Pound		·5472	1·83	
Italy	Lira		·00158	632·51	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar Equivalent March 18	Units per Canadian dollar	Notes (See below)
Japan	Yen		·00274	365·49	
Lebanon	Pound	Free	·3047	3·28	
Mexico	Peso		·07880	12·69	
Netherlands	Guilder		·2591	3·86	
Netherlands Antilles	Guilder		·5221	1·92	
New Zealand	Pound		2·7506	·364	
Nicaragua	Cordoba	Effective buying	·1492	6·70	
		Official selling	·1397	7·16	
		With Surcharge I	·1224	8·17	
		With Surcharge II	·09801	10·20	
Norway	Krone		·1379	7·25	
Pakistan	Rupee		·2977	3·36	
Panama	Balboa		·9850	1·015	
Paraguay	Guarani	Basic	·04690	21·32	(1)
		With Surcharge I	·03648	27·41	
		With Surcharge II	·02736	36·55	(13)
Peru	Sol	Certificate	·05184	19·29	
Philippines	Peso		·4925	2·03	tax 17% (2)
Portugal	Escudo		·03438	29·09	(14)
El Salvador	Colon		·3940	2·54	
Singapore & Malaya	Straits dollar		·3209	3·12	
South Africa (Union of)	Pound		2·7506	·364	
Spain & Dependencies	Peseta	Basic buying	·04498	22·23	
		Basic commercial selling	·05997	16·67	(1)
		Free	·02529	39·54	
Sweden	Krona		·1904	5·25	
Switzerland	Franc		·2298	4·35	
Syria	Pound	Free	·2735	3·66	*Feb. 16
Thailand	Baht	Free	·04607	21·71	*Jan. 28 (1)
Turkey	Lira		·3518	2·84	
United Kingdom	Pound		2·7506	·364	
United States	Dollar		·9850	1·015	
Uruguay	Peso	Official	·6485	1·54	tax 6% (2)
		Basic buying	·5534	1·81	(1)
		Special buying	·4191	2·39	
		Basic selling	·5184	1·93	
		Special selling	·4020	2·49	
Venezuela	Bolivar		·2940	3·40	
Yugoslavia	Dinar		·00328	304·59	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
6. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality.
7. Egypt: Exporters receiving payment in dollars are granted Entitlements authorizing purchase of exchange for dollar imports. Effective selling (import) rate is official plus premium (average of 10·168 per cent in January) on Entitlements.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: Basic rate applies to all exports and essential imports. Purchase of exchange for other imports is subject to exchange surcharges of 33⅓, 100 or 200 per cent depending on product.
13. Paraguay: Basic rate applies to most Paraguayan exports.
14. Portugal: Approximately same rate for Portuguese Territories in Africa.

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Concise articles review the state of the pulp and paper, paper box and bag, roofing paper and miscellaneous paper goods industries in 1952, with tables providing comparisons with other years—as far back as 1908 in some cases. The book also covers activities of the printing trades and includes the constitution and aims of the Canadian Pulp and Paper Association and the services offered by Canadian trade offices abroad.

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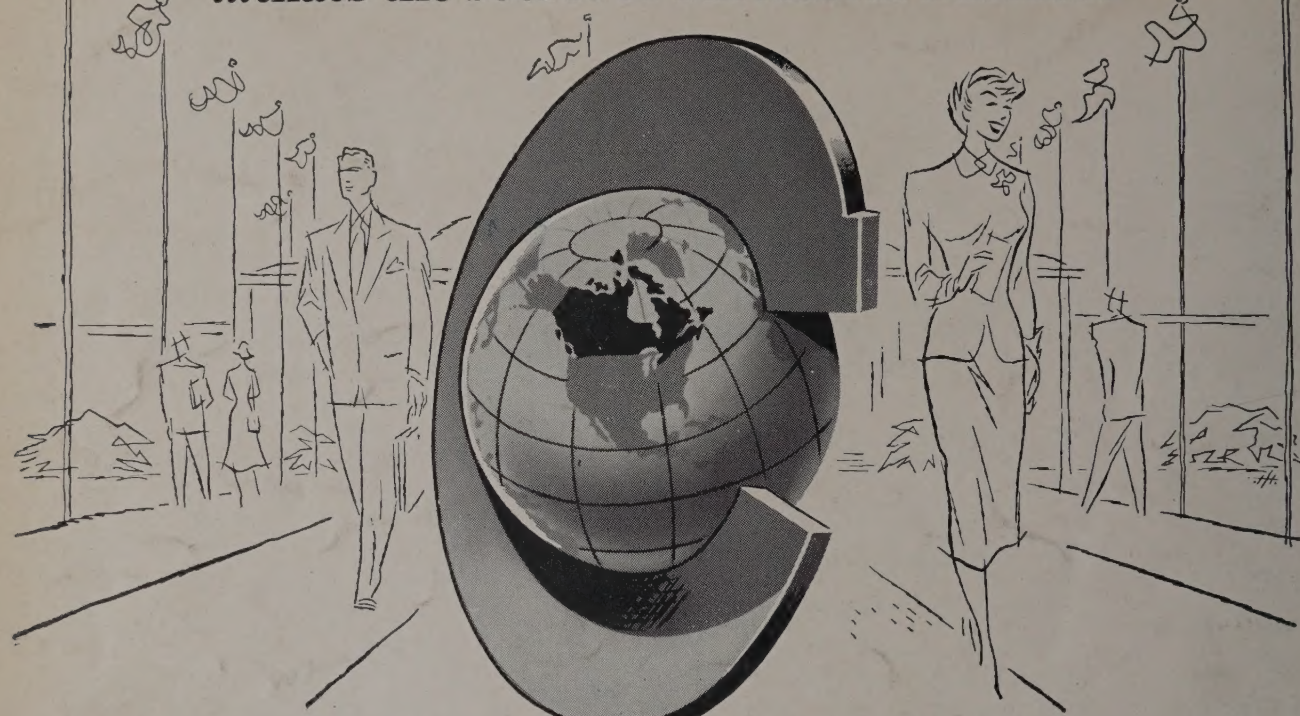

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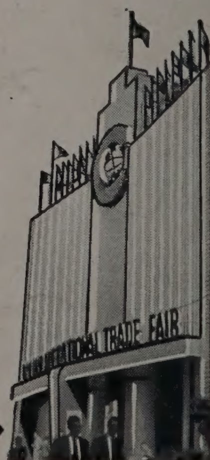

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